

A Roof Over Your Head

Co-op Housing

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The title "A Roof Over Your Head" was chosen because it was the heading of one of Dr. Laidlaw's articles which we found very appropriate in view of the housing situation in Canada today.

The information in this book is very timely and will give the reader a view of the options that are available in regards to Housing.

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CHAPTER 1

SOME BASIC CONCEPTS

Since we live in an era of rapid change and shift of perspective, perhaps we should begin with clarification of the co-operative idea. Just because a co-operative organization or co-operative project is for the purpose of housing, does not allow it to waive or disregard the fundamental principles of the co-operative system. Later we shall look at these principles as applied to co-operative housing, but for the present let us consider the essential concepts of Co-operation.

1. There is always a certain ambivalence about co-operatives, since they try to combine the best features of two opposing worlds: individualism and collectivism. The members seek to protect and maintain personal rights and privileges, while at the same time benefitting from the strength of the group. In some respects these two (individual and group) are always in conflict within the co-operative and must be constantly reconciled by debate and adjustment, even compromise. Sometimes the individual must bow to the will of the group, and sometimes the advantage of the whole must not be pressed too hard, to the point of endangering individual freedom. In short, co-operatives must provide for a large measure of individual and personal choice within a framework of collective ownership and group decision-making.

2. A fundamental concept underlying Co-operation is the dual nature of a co-operative: it is both a business enterprise and an organization with a distinct social purpose. This is what often makes it difficult for someone to explain co-operatives and for others to understand them. They are two things in one: business and a social movement. The conventional economist sometimes cannot understand co-operatives because he overlooks their social purpose, while he is looking for economic theory. The sociologist or welfare worker often is impatient with them because co-operatives must observe certain basic rules of good business. Consequently, co-operators are often caught in a squeeze between the realities of business and the idealism of social change. But though it is often difficult to combine social purpose with good business practices, this is a role which co-operatives have traditionally played and must continue to play.

3. Co-operatives are dual organizations in another respect: they have some aspects of private enterprise, and other aspects that resemble public enterprise. This is why co-operatives cannot, on the one hand, be treated just as other business or, on the other, regarded as if they are not privately owned. Again, they seem to be trying to get the best of both worlds: private enterprise and public enterprise. This is why many co-operators nowadays, believe that the total economy must be regarded as having three sectors rather than two: private, public and co-operative. Examples of business organizations in the three, respectively, would be: the Bank of Montreal, the Bank of Canada and a caisse populaire.

4. A basic concept in the whole co-operative system is that, ideally, it is non-profit and non-exploitive. This does not mean that a co-operative cannot and must not make profit, but rather: i) it must not, like other business, be organized or operated for the sole or main purpose of profit-making, and ii) when it makes a profit, it must dispose of it or distribute it in such a way as not to benefit shareholders (members) solely as investors. In other words, co-operatives exist for the use and benefit of users, not investors. Furthermore, in their operation co-operatives must not exploit others to gain their objectives. They must be operated in such a way that the members are in business without taking toll from anyone.

5. Participation by people, by the members, is essential and, therefore, education of members is also an essential feature of co-operatives. A co-operative organization that does not, directly and indirectly, educate people towards desirable social goals is missing one of its main functions. Of course, a co-operative with no educational feature is still a co-operative, but it is a poor one and is achieving only a part of its purpose. Therefore, people in a co-operative housing project who do not understand what a co-operative is and who do not participate in its policies and general direction are perhaps just as well off in public or some other kind of housing.

6. Although legally all groups and classes of people may benefit from co-operative techniques, co-operatives by their very nature usually aim to serve the weaker and disadvantaged members of society. Thus, in the field of housing, co-operatives generally try to fill the gaps in present housing programs, to serve those who are outside the mainstream of existing housing policies, and to satisfy those whose needs the market economy does not meet.

7. Co-operatives may appear in many forms. It is a common mistake to take an inflexible view that sees a co-operative in only one particular type of arrangement or size. Co-operatives come in all sizes: small, medium and large. The largest in Canada (not in housing, of course) has some 80,000 members. One in Ottawa (a credit co-operative) has about 39,000. But some of the best co-operatives are very small. The important thing about a co-operative is not its size, but how it functions.

CHAPTER 2

THE CO-OPERATIVE IDEA APPLIED TO HOUSING

Most people in Canada know about co-operatives in one form or another: a co-op store, a *caisse populaire* or credit union, a farmer's dairy plant, perhaps even a co-op nursery school or some other less common form of co-operative. About 60 per cent of Canada's wheat moves through marketing co-operatives, and co-operative companies are the leading auto insurers in several provinces. So, the co-operative idea is nothing new or strange to Canadians.

But how to apply this idea to housing is not easy to explain quickly, because it can be done, and is being done, in several different ways. In typical Canadian fashion we have a variety of answers to one question: what is co-operative housing?

There are **five** clearly recognizable ways in which people use co-operative organizations for housing in Canada and other countries:

1. **Co-operative Financing.** People obtain co-operative credit to help in financing their homes individually. In Britain the "building societies" are well known and play an important part in providing housing, although their name is misleading since they do not actually build houses but only lend money on mortgages for housing.

In Canada today, the *caisses populaires* and credit unions have total assets over \$4½ billion (with about \$3 billion on loan to members at any one time) and, next to the chartered banks, are the largest suppliers of consumer credit in the country. A considerable portion of their loans, varying greatly from one particular organization to another, is for home financing or home improvement. The larger credit unions especially are often supplying mortgage financing for members, and in some *caisses populaires*, mortgages on residential property represent the largest single type of loan.

2. **Co-operative Purchasing.** Or people may get together to purchase land, building supplies or materials co-operatively, for the construction of homes to be individually owned. Again this may be done in a variety of ways. (a) They may join together as a group to buy land or supplies, and then proceed to build, or have built for them, their individual homes. In such cases the aim is simply to get the advantage of bulk purchasing of supplies or appliances, or to act as a group in buying and servicing land for buildings. (b) Some people also benefit from co-operative purchasing by being members of consumer co-ops which handle lumber, hardware, building supplies, etc. A few consumer co-operative organizations in Canada specialize in building supplies and at least one builds complete houses for members. (c) In some cases people get together co-operatively to purchase land, on which the people involved build their houses individually, but the co-operative continues under a leasehold arrangement to provide essential services (water, sewer, etc.) to the whole community. However, this kind of set-up is not common in Canada.

3. **Co-operative Building.** In this form of co-operative, a group of families, usually a rather small number, perhaps 10 to 20, form a co-operative society with charter for the purpose of constructing, or having constructed for them, a number of houses to be occupied and eventually owned by the

members individually. This is co-operative building for individual home ownership. The members are their own developers and builders; they plan, purchase and work together co-operatively, but the final goal is ownership of a single family dwelling.

In Canada there are two types of co-operative building.

(a) In the "continuing" type of association, the co-operative remains intact as an organization until the group mortgage is paid off, in 20, 25 or 30 years. Actual ownership remains with the group and each family leases its home from the co-operative during this period, at the end of which the members become individual owners, while the co-operative may continue to provide ancillary services. This was the original form developed in Nova Scotia about 25 years ago, which proved quite successful in that province but which has been modified in recent years.

(b) In the "terminating" type, the co-operative is dissolved when construction is completed and the families take over the dwellings with individual mortgages. The incorporation of the group ceases when it has done the job it was set up to do. This was the type of co-operative quite common in Ontario some years ago, and to which the Nova Scotia program is tending more and more.

In both these types there may be a certain amount of do-it-yourself or self-help building by the members, often referred to as the "sweat equity", especially in the kinds of work requiring less skill and construction experience. In Canada this "sweat equity" is not usually as important now as it was some years ago in co-operative building.

4. **The Housing Co-operative.** Then there is the more advanced, perhaps some would say sophisticated, type of co-operative housing, quite common in Europe but rather new in Canada, in which group ownership is complete and final. It is especially suitable for multiple housing in the larger urban areas. Members never assume individual ownership of housing units, as in a condominium, but have ownership in the form of shares in the organization, as in any other type of co-operative. This is the form of co-operative housing through which thousands of families occupy co-op apartments (not the luxury or millionaire type) in New York City. Co-op City in New York is the latest, and perhaps the largest in the world, with 15,000 families in one colossal project. This is housing in which the tenants become landlord, and the landlords (owners) must qualify by being tenants. This is a complex type of co-operative organization and we shall have much to say of it in this book.

5. **Builders' Co-operative.** Finally there is a type, almost unknown in Canada, which is owned through the building trades, the producers of housing rather than the consumers. For all practical purposes this is outside our concern here, but it is of passing interest to us, both by way of contrast to the conventional type and to show the diversity of co-operative organization. One of the largest housing organizations in Sweden, called Riksbyggen, is this type, organized by the building trades in the interest of labour union members in the construction industry.

In this book the purpose will be to review the role, problems, advantages, difficulties and methods of the two main types now being promoted and organized in Canada, the co-operative building association for home ownership in single family dwellings, and the housing co-operative for group ownership of multiple housing. The former has had considerable success, but only in certain parts of Canada; the latter, though proven and successful in some other countries, is still in its infancy in Canada.

CHAPTER 3

THE DIFFERENCE IS BASIC

In the first two chapters of this book, the distinction was made between "building co-operative" and "housing co-operative". In this chapter the distinction will be further clarified, since misunderstanding on this point is probably one of the main reasons why there is not a much more vigorous program of co-operative housing in the cities of Canada.

The main theme of this chapter is that they are both co-operative, and both represent the application of co-operative ideas to housing. But they are substantially different. One (the building co-operative) is home ownership within the conventional Canadian sense; the other (the housing co-operative) is not.

First, a little history. In Canada the building co-operative started in Nova Scotia. It came out of the depressed economic conditions of the 30's. The pioneer group began at Reserve Mines under the influence of the famous Dr. "Jimmy" Tompkins, and the new co-op houses were occupied in 1938. (Monthly payments about \$15.00, believe it or not!) The idea of the building co-operative, with considerable "sweat equity" and a continuing organization for the term of the group mortgage (usually 25 years), became quite popular and successful in Nova Scotia under joint promotion by the Nova Scotia Housing Commission and the Extension Department of St. Francis Xavier University. Several hundred homes, mostly in Cape Breton, were built under the scheme, which was severely slowed down under wartime conditions. Central Mortgage and Housing Corporation came into the picture about 1953 by extending National Housing Act financing to the province. Up to the present some 3,200 houses have been constructed under this unique partnership of co-operative group + provincial sponsorship + federal financing. This is not a large program but it has provided good housing for low and medium-income families in Nova Scotia and has been adopted in a few places in other Atlantic provinces.

In the meantime, groups in Quebec were also exploring the co-operative approach to housing and various projects were developed in a number of places, often with financial backing from a *caisse populaire*. As in the Atlantic provinces, emphasis was on the small group, local planning and local initiative, self-help and sweat equity, and in the end home ownership for those who ordinarily would have difficulty "going it alone" in the housing market.

In the early 50's groups in Ontario, under the tutelage of St. Patrick's College, Ottawa, followed somewhat the same pattern as in Nova Scotia, but introduced the feature of a "terminating" organization which was wound up when the houses were completed and the mortgages were transferred to members individually.

Such is the building co-operative. It reveals an interesting facet of the Canadian character: resourcefulness and the ability of people outside the big city to do things on their own. A later chapter in this book will deal further with it because it still has almost unlimited potentiality for the smaller urban centres throughout the country, where the average family still has great difficulty in getting decent housing.

But it soon became apparent that there was enormous difficulty in transplanting the building co-operative to the larger urban setting. The best that could be done with it was to produce a few houses in the suburbs of the new metropolitan areas developing rapidly across Canada. Co-operators saw that, just as credit unions had to change their methods of operation to fit into the big city, co-operative housing had to be something basically different in order to serve dwellers in the modern urban environment. In the early 60's they began to probe the possibility of establishing housing co-operatives, modelled somewhat after those that were having spectacular success in some European countries and in New York City.

The first one completed was Willow Park Housing Co-operative in Winnipeg, 200 units of townhouses, which has now been in operation for five years. It had problems, of course, as all pioneering ventures have. It may have its deficiencies but they are more or less superficial. For the members who have their homes there it is certainly a bargain in housing: for example, a three-bedroom townhouse with parking and all utilities except telephone for \$150 a month at present. (The October 1971 issue of *Readers' Digest* refers to Willow Park in a feature article on housing in Canada).

The purpose here is to explain that, while the small housing group in Nova Scotia and the co-op project like Willow Park are both co-operative, the difference between them is basic. It is not merely a matter of size, but of aim, end result and ideology.

Let us look at them from the viewpoint of contrast:

BUILDING CO-OPERATIVE	HOUSING CO-OPERATIVE
1. Small membership — 5, 10, 20.	1. Large membership — present range about 100-400 in Canada.
2. Single-family detached houses.	2. Multiple housing.
3. Suitable only for smaller places.	3. Appropriate form of co-operative housing for cities and metropolitan areas.
4. May have a "sweat equity".	4. No "sweat equity".

BUILDING CO-OPERATIVE

5. Most of the planning and organization carried out by the families who will occupy the houses when completed.
6. May be either "continuing" or "terminating".
7. May result in a substantial capital gain to the individual member.
8. Ultimate goal is home ownership in the Canadian tradition of individual and personal possession.
9. Basically private ownership secured by co-operative effort.

HOUSING CO-OPERATIVE

5. Much of the planning and organization carried out by a sponsoring organization or "mother society".
6. "Continuing" indefinitely.
7. No capital gain to the individual member, even though the property may increase in value over the years.
8. Aim is to provide an alternative form of rental housing which gives members (tenants) a proprietary and controlling interest.
9. Basically co-operative ownership secured by social organization.

This is a simple profile of the two types. We should not praise one and condemn the other but rather support, develop and expand both types according to the preferences, needs and expectations of the people who are in need of housing and wish to secure it co-operatively.

It is wrong to think that the building co-operative is exclusively Maritime and cannot be used to advantage in other provinces. The smaller places across Canada could have building co-operatives too — thousands of them. There is no good reason why they cannot be much more numerous than credit unions or caisses populaires, which now number about 4,400 in Canada.

At the same time the larger centres in the Atlantic region need multiple-type housing co-operatives too, especially Halifax, St. John's, Moncton and St. John. How such co-operatives may be developed to become an important sector of Canadian housing will be one of the main topics in this book.

CHAPTER 4

QUESTIONS TO BE ANSWERED

Co-operative housing is not well developed in Canada. It is not yet an important part of the Canadian co-operative movement nor does it make a large contribution to the general picture of housing in this country. Some enthusiasts predict that by the end of the 70's co-operative units will be not less than ten per cent of the housing starts in Canada. Since the total figure is presently well over 200,000, this would mean that co-operatives must gear up for not fewer than 20,000 units a year (houses and apartments) by 1980. But for the present, the co-operative effort in housing is indeed modest.

The main reason for the small volume of co-operative housing is that this type of co-operative is still young in Canada. By comparison, consumer co-ops are well over 100 years old, caisses populaires just over 70, the Wheat Pools about 45 and credit unions scarcely 40, whereas the building co-operatives (Nova Scotia) are only about 30 and the oldest housing co-operative (Willow Park) scarcely 6.

What there is, therefore, is actually a movement in its infancy. For Canadians its theory is new, its ideology still being formed and tested against practice. So, it is not surprising that there is some confusion and even conflict of ideas, both within the circle of co-operative enthusiasts and outside among public authorities and citizens generally.

In this situation it will probably help to clarify the whole field if we ask a few questions about co-operative housing, its meaning, position, purpose and objectives. The following **seven questions** are set out and discussed briefly with this in mind:

1. What is the main purpose of co-operative housing projects?

In line with the explanation given in chapter number 3, dealing with the two different forms of co-operative housing in Canada, the main purpose would seem to be:

- (a) through the building co-operatives, to secure home ownership for groups of people who find it difficult to buy or build homes independently and separately under ordinary conditions;
- (b) through the housing co-operatives, to provide an alternative to ordinary rental accommodation, giving groups of tenants a controlling interest in their housing.

2. Who are likely to be the members of co-operative housing groups?

In general, they will be various groups of people who prefer to do things co-operatively or who find certain benefits and advantages in co-operative organization. There will likely be a special appeal for middle-income groups, especially those who are over the top limit for public housing. But ideally the membership in a co-operative project should reflect the general spectrum of the population, with families from a wide range of incomes.

Co-operative projects should not be labelled as housing for the poor alone, but the poor should be in membership too, as long as there are low-income families who need housing and wish to belong to co-operatives. It is not good for Canadian society for the poor to be segregated in recognizable ghettos.

In addition there are certain groups or communities, for example, people in the northern parts of Canada, and other disadvantaged sectors of the population for whom co-operative action of some kind will have special benefit.

3. What is the status of equity in a housing co-operative?

Certainly there is no unanimity on this question. We live in an economic system in which great profits and gains accrue to land and buildings. Canadians are accustomed to substantial increases on their investment in housing, particularly housing in large urban centres. An automobile purchased today may be worth little or nothing in a short time; a house in a good location may double in value in the same time.

If a co-operative project doubles in value over a period of, say, 20 years, who owns the capital gain? The members? What members, present or past?

A question to think about in this context: if in every major urban centre of Canada there were a goodly number of par value housing co-operatives, what effect would this likely have on the soaring cost of housing?

4. In housing co-operatives, what is the proper and ideal relationship between mother society and daughter society?

This too is a difficult question. Ordinary groups of people cannot come together easily in cities to organize a housing co-operative and build a multiple project of, say, 300 units or homes. A "mother" society usually has to act as initiator and sponsor. Later the "daughter" society, the members of which are going to occupy the houses or apartments, takes over from the parent. But how, when, under what conditions, etc., is the transfer to be made? Co-operative leaders in Canada are still working this one out, and public officials are involved because of National Housing Act financing or land tenure.

5. How does co-operative housing relate to the three levels of government in Canada?

Early co-operators often prided themselves on working independently of government. Canadian co-operatives have usually got along with a minimum of government assistance and some sectors of the co-operative movement, especially credit unions, owe little to government help.

However, in modern times there have been some excellent examples of co-operatives and government working in collaboration in certain areas; for example, this is how electric power was brought to almost every corner of rural USA in the past 35 years.

Housing is obviously an area in which co-operatives will have to work closely with the different levels of government, municipal, provincial and federal, and with housing authorities and official bodies. Like health, housing is an area where private and public concerns overlap.

In short, the various organizations engaged in co-operative housing must establish strong relationships with all public bodies concerned with housing. How these relations are going to be worked out is clearly a matter of great importance for co-operative housing.

6. Who is going to do the educational work for co-operative housing?

All co-operatives require educational programs, because by their very nature they depend on understanding, participation and group decisions for success. Co-operative housing is no exception — indeed, there are good reasons why it needs an especially strong educational input.

Who is going to supply it? What organizations now responsible for co-operative education can take part in the task? Where will mother societies get the money for educational programs? Where and how are the leaders to be trained?

There seem to be three areas of need to keep in mind: a general program of education for the members of co-operative groups; a more intensive and specialized program for directors of projects and leaders in co-operative housing; and training in the business management of housing projects. (It is worth mentioning here that the national co-operative housing organization in Sweden, called HSB, has its own college).

7. How does co-operative housing relate to other sectors of the co-operative movement?

In 1966 the International Co-operative Alliance added a new statement to the co-operative principles: "Co-operation among co-operatives." This is very fine in theory, of course, but often difficult in practice.

With a couple of notable exceptions, the established co-operatives in Canada have been slow to support co-operative housing. One obvious reason for this is that Canadian co-operatives have been predominantly agricultural. But now things are changing, and they are certain to change all the more rapidly as co-operative projects are built and prove themselves.

Here is the nub of the question: can credit co-operatives, insurance co-operatives, consumers' co-operatives, a co-operative trust company, co-operative wholesales, and various other co-operatives work together as a sort of family to help produce good housing for Canadians?

CHAPTER 5

A ROOF OVER YOUR HEAD

We can get a better understanding of the purpose of housing co-operatives by examining the different ways by which people provide for their shelter (housing) in Canada — a pretty important matter in a rugged country where temperatures commonly vary about 100° F within a year. Canadians provide for their housing or have it provided for them in four quite different and distinct ways.

The Way It Is Done

1. A home of your own. During most of our history there was only one way for Canadians to have shelter and a home: by owning a house, including, of course, the land on which it was built. The pioneer settler, the homesteader, built a home straight off, even though it might be a log-cabin or shack at first. It served as a symbol of his ownership, proof that he had settled down and that the property was his. If it was not and he lived there as a squatter long enough, it usually became his by right of possession. And for many Canadians, especially in rural areas and smaller urban places, home ownership is still virtually the only way to have a roof over your head.

But with the growth of cities, especially large metropolitan areas, two things have been happening: first, the modern urban environment puts severe limitations on what kind of house may be privately built, where it can be located, etc.; and second, the pressure on land in the modern city makes ownership of a single-detached dwelling more and more difficult.

It is significant that the number of single-detached houses built annually in Canada has not increased since about 1961. Still, of the total number of 6,000,000 (approx.) housing units existing in this country at present, almost 3,500,000 or about 60 per cent would be classified as home ownership. But this percentage figure is bound to fall as urbanization proceeds.

2. Rental accommodation. This introduces a totally different concept of housing: those who occupy it do not own it but rent it from the owner — the relationship of tenant to landlord.

Rental housing is generally multiple housing, usually apartment buildings. In the past 20 years the proportion of this type of housing in Canada has been rising steadily, and the number of starts of single-detached houses fell below 50 per cent for the first time in 1964.

Perhaps the most important change in rental accommodation in recent years has been a general improvement of quality. In days gone by it was often associated with poor quality housing, much of it in slum areas, but nowadays in Canada it is more likely to be luxury accommodation with living amenities not usually found in the private home.

3. Public housing. Then, some 25 years ago, a new and different approach to providing shelter was introduced in this country: public housing, provided by government for those whose incomes keep them out of the housing market. It simply means that government or a public agency becomes landlord.

By the end of 1970, about 76,000 units of public housing had been built in Canada, most of it (over 50,000 units) in Ontario. The 1971 statistics will increase these figures considerably. (To the end of 1970, about 175,000 units of housing in aid of low-income groups have been provided under The National Housing Act, including public housing, limited dividend, etc.)

4. Co-operative housing. Like public housing, co-operative housing is a newcomer in Canada and is not yet well understood or widely accepted as a form of housing attractive to many Canadians.

Accurate statistics are not presently available, but it is estimated that, to the end of 1970, about 13,000 housing units of various co-operative types have been produced in Canada in the past 35 years. The largest number ever built in a year will be in 1971. (The estimate of 13,000 does not include individual houses financed co-operatively through caisses populaires and credit unions, which would be a much greater number.)

There are various combinations of these four forms of housing; for example, condominiums are actually home ownership with a quasi-co-operative feature, and arrangements are now being made so that public housing tenants may become members of co-operative groups.

Canadian Attitudes

It is interesting to compare typical Canadian attitudes towards the various kinds of housing, for these attitudes reflect our traditions, social values, personal expectations, and sub-conscious class distinctions.

1. A house of your own. This is the hope and dream of perhaps the majority of Canadian families — at least it was up to the recent past — and many Canadians are willing to make great sacrifices in order to achieve this kind of ownership, even though it is heavily mortgaged through the greater part of their most productive years. Many married women are now in the work force to help make the dream a reality.

Canadians enshrine the idea of home ownership in all sorts of nostalgic memories, conventions and public policy. A home of your own still denotes a kind of personal freedom — “an Englishman’s house is his castle.” We build fences and hedges to mark the limits of our private property. Many regard home ownership as a badge of the “solid citizen”. Some governments offer grants and bonuses to home owners but no comparable assistance to those who rent their accommodation.

2. Rental accommodation. Housing owned by a landlord and rented or leased to tenants has generally been under a shadow compared to housing owned by the occupants. Those who rented accommodation were often regarded as second-class citizens and in some places were ineligible for municipal office. Renting has often been associated with mobile people, those who had not “settled down”.

As a result, tenants as a group have frequently felt resentful: they were discriminated against by public authorities; regulations often favoured the landlord and gave little protection to them; they were subject to arbitrary rates set by the landlord and in the long run paid for housing which they never owned. Mark Twain said: “Almost any man worthy of his salt would fight to defend his home, but no one ever heard of a man going to war for his boarding house.”

But attitudes are now changing fast. Tenants are now getting better protection than formerly, and demanding it too, through tenants’ associations; and the general improvement of apartment buildings today has put both rental accommodation and those who occupy it in a new and different light.

3. Public housing. Housing owned by public authorities and rented to low-income families or individuals has been under a shadow too in Canada. In fact, there is still a certain stigma attached to public housing in the minds of many Canadians, some of whom have been recipients of public assistance or subsidy in some other form. For example, citizens who have received indirect public aid in the purchase of building lots in land-assembly projects may later organize to prevent public housing being built for other citizens.

The judgments and distinctions surrounding public assistance are often contradictory and difficult to understand. A century ago in Canada, those who could pay private fees for the education of their children often opposed the idea of "free schools" for all children. The citizen who today gladly accepts medical assistance under medicare or an old-age pension may argue that public housing saps the self-reliance of people. There are some who will praise governments for keeping a poor student in university, at a cost of perhaps \$1,500 a year to the public purse, but will condemn the expenditure of \$1,500 a year to keep a poor family in public housing. So it goes

But as with other innovations, the social climate for public housing is changing fast and is now very different from what it was ten or even five years ago. When we speak of "good housing for Canadians", we like to think that it means decent housing for all Canadians.

4. Co-operative housing. As explained in an earlier chapter, the building co-operative is a form of private home ownership obtained through co-operative action. But the housing co-operative of the multiple and continuing type is essentially different; and it is interesting to set it alongside the other three types described above. When we do so this profile stands out: i) group ownership which relieves the individual family of the burden of a personal mortgage; ii) a kind of rental accommodation in which the occupants are landlord and make internal regulations by collective decision; iii) an alternative to public housing which can provide for a wide range of incomes instead of congregating families in neighbourhoods which may be regarded as ghettos set aside for the poor.

CHAPTER 6

APPLYING CO-OPERATIVE PRINCIPLES TO HOUSING

Co-operatives are frequently called a movement, an economic sector, and even a way of life. So they must be based on certain guidelines, rules or principles in order to identify them clearly and distinguish them from other organizations or business.

Co-operative principles are often called Rochdale principles, after the pioneer co-operative of the English consumers' movement started at Rochdale in Lancashire in 1844. Consequently some people think of "Rochdale principles" as applying mainly to consumers' co-operatives, while "co-operative principles" may apply to any type, e.g. credit, agricultural, insurance or housing, but this distinction is not really important.

Actually, co-operative principles are not firmly set down in such a way that they are universally accepted. The best we have is various formulations made from time to time, mainly by the world organization, the International Co-operative Alliance. The last such arrangement was approved in 1966 at a world congress of the ICA in Vienna. It reduced co-operative principles to six: i) open and voluntary membership, ii) democratic control through "one member, one vote", iii) limited interest on capital, iv) surplus earnings (profits) belong to the members (customers) on a proportionate basis according to purchase or business done, v) education is essential, and vi) co-operation among co-operatives.

Sometimes these principles are regarded as being fixed and rigid, to the point that they may appear to be quite out of time or place, but they are not necessarily so. They simply have to be interpreted or translated into action in a common-sense way.

But first it is well to see and understand the thinking or ideas behind each of these:

- i) **Open and voluntary membership.** The purpose of this principle is to spread the benefits of ownership of business as widely as possible by putting it in the hands of those who use the services. So, a credit co-operative belongs to the borrowers instead of the lender; a retail co-operative to the shoppers or

customers; an insurance co-operative to the policyholders, even though indirectly; a housing co-operative to those who occupy the accommodation. Thus, people who need or use a certain kind of service may own or organize their own. In effect, this puts decision-making under the control of those who use and pay for the service provided.

- ii) **Democratic control.** In an ordinary joint stock company, a shareholder with 100 shares has ten times the voting strength of one with 10 shares. Not so in a co-operative: the two are equal, each with one vote. Thus a co-operative aims to bring to business and economic affairs the fundamental right that a citizen enjoys under democratic government. Since voting power rests in the individual member rather than the shares held, the co-operative way emphasizes the primacy of man over money, of human concerns over investments. This principle is a cornerstone of every true co-operative.
- iii) **Limited return on capital.** This too emphasizes the proper role of money in the scheme of things. Invested capital is allowed a modest or normal rate of interest and is never permitted to return exorbitant earnings to shareholders. In fact, in some co-operatives the members may decide to pay themselves no interest on shares, since they may regard them not so much as investment as a simple sharing of the cost of providing necessary facilities and equipment.
- iv) **Surplus earnings or profits.** The device of paying earnings to the members (customers) is simply a means of refunding profits to those who created them. Thus the co-operative is clearly for the purpose of providing service to the members and not of earning profit on investment. This principle does not oppose the earning of profit, because a business clearly must aim to operate "in the black" even though it is a co-operative, but it indicates how profit should be distributed in order to recognize the fundamental rights of the buyer or consumer in a business transaction.
- v) **Education is essential.** This principle hardly requires any explanation. It has long been recognized in the co-operative movement. It is worth noting that co-operators in the 19th century were largely a social and educational movement and only gradually moved into business enterprises to achieve their goals. Today the aim is to combine the two, social and economic, into one and put education and business at the service of each other. It should be noted too that education in the co-operative movement means education in the broadest possible sense.
- vi) **Co-operation among co-operatives.** This principle, added for the first time to the official International Co-operative Alliance formulation in 1966, is simply an expression of the unity which should, ideally, exist among various kinds of co-operatives, consumers', credit, insurance, agricultural, housing, etc. It expresses the concept of all forms of co-operation working in close collaboration to constitute a co-operative sector within the total economy alongside the private and public sectors.

The early co-operatives had other rules which are still often referred to as co-operative principles, the most important being (a) "neutrality in race, religion and politics," and (b) "business for cash only." Nowadays it is considered that the principle of "open membership" covers the first of these, and the second has become obsolete in modern business except in retail consumers' shops.

Various writers over the years have attempted to express these principles in single abstract terms. One authority, T.W. Mercer, suggested these as conveying the fundamental ideas for which co-operatives strive: 1) Universality, 2) Democracy, 3) Equity, 4) Economy, 5) Publicity (meaning full information), 6) Unity, and 7) Liberty.

Co-operative Ideals in Housing

Now to apply these principles to housing. Obviously what the Rochdale Pioneers had in mind when they opened a small food shop in 1844 has to be adapted in a reasonable way. For example, a co-operative housing project with 100 units cannot have "open membership" beyond 100 — what is needed is another similar and perhaps larger project.

But the same spirit and underlying ideals which moved the early co-operators can be applied to housing in some such way as this:

- i) Membership in a co-operative project shall be open to persons or families who apply in good faith and who are willing to participate in a responsible way. While a certain degree of compatibility among members is required for success, racial and other forms of discrimination must be ruled out. Furthermore, co-operative housing should help to eliminate the segregation and concentration of low-income families in ghettos for the poor.
- ii) The "one member, one vote" principle should present no problem in a co-operative project. The aim must be to encourage all members to take part as actively as possible in the affairs of the group or community.
- iii) Since interest paid on capital simply results in an increase in the monthly carrying charges (rent), and is equivalent to moving money from one pocket to another, there is a good case to be made out for paying no interest on down payments.
- iv) Monthly charges should cover all costs involved (mortgage charges, taxes, insurance, maintenance, etc.), and may be moved up or down as costs change. These monthly charges and any increase or decrease shall be proportionate to space occupied (use of service).
- v) Education in a housing co-operative is just as important as in other co-operatives, indeed more so, because it is a far more complex form of co-operative venture than most others.
- vi) A co-operative housing project can be much more than an individual co-operative on its own. By collaborating with other types of co-operatives and in many cases forming other co-operatives (credit union, day-care centre, consumer co-op, etc.), the members can derive full benefit from the many ramifications and possibilities of the co-operative idea.

CHAPTER 7

ANOTHER LOOK AT BUILDING CO-OPERATIVES

In our great interest in multiple housing co-operatives for big cities nowadays, it would be a mistake to overlook the importance of building co-operatives for the smaller places. They may still have an important role in Canada's housing program. In fact, their possibility has hardly been scratched. Only Nova Scotia is trying to make full use of this way of producing good housing.

The Population

Let us look at the Canadian population from the viewpoint of concentration and spread. We are moving rapidly towards further and further urbanization until by the year 2000, it is predicted, three-quarters of all Canadians will live in only 12 major urban centres. The three largest metropolitan areas, Montreal, Toronto and Vancouver, will continue to grow until they embrace fully one-third of the total population — one Canadian in three living in one of these cities!

But the people living in the smaller places will always be a substantial segment of the population even though the big cities continue to grow bigger. In the 1966 Census there were 450 places with population between 5,000 and 50,000. The people living in these, presently between 20 and 25 per cent of the population, will be the ones for whom building co-operatives have the most to offer.

There is much to be said for and about these smaller places, the in-between centres — small towns, large towns and small cities. Many of them are struggling for economic survival today; some are only holding their own in population figures; in some the public services and social amenities are falling below acceptable modern standards; in practically all of them there is a great need for better housing. All too often these smaller urban centres suffer for lack of leadership because of the social gravitation to the big city. In short, many small places are in deep trouble, with their resources running low. Building co-operatives would seem to be a logical answer for these places, where ownership of a single detached house is still the normal and most attractive form of family shelter. But, strangley enough, this form of co-operative has not caught on in Canada generally. We would do well to take another look at it.

Some Background

The story of the building co-operatives in Nova Scotia is quite well known and does not need to be told in great detail here. To appreciate the conditions under which they started, one should read the little book, *The Story of Tompkinsville*, by Mary Arnold, published by the Co-operative League of USA, 1940. Just a few lines from it will remind us of pre-war times: "On four shifts a week a man can manage to get along. Last summer, however, there were only three shifts a week and in the winter of 1938-39 there were only two. Two shifts a week! That may mean thirteen dollars if you are working on the face of the coal . . ." From \$13.00, however, there were various deductions amounting to \$6.26 for the week, leaving "take home" pay of \$6.74.

But, living under these threadbare conditions, the first housing group of ten miners at Reserve Mines, under the inspiration of Dr. Jimmy Tompkins, went ahead with their project and completed their homes the hard way. Monthly payments of \$12.15, believe it or not, including payment to a reserve fund! But that was in 1939.

Since then well over 4,000 houses have been built this way in Nova Scotia and about 700 are under construction at present. There have been building co-operatives in other provinces too, but they are confined mostly to the eastern provinces and are not so popular nowadays. They obviously do not fit into the big metropolitan city in modern times and their appeal is therefore confined to the smaller places.

For those who wish to learn more about building co-operatives, there are two films available: *On a Day Off*, produced by the National Film Board in 1963, and *The People on Common Street*, recently made by the Extension Department of St. Francis Xavier University, which spearheaded the education work for these co-operatives in the beginning.

One important change has recently been made in Nova Scotia. Although the members form a continuing co-operative, the group mortgage has been broken down into individual mortgages, one for each home, but they are still carried in the name of the co-operative. In this way the continuity of the group is maintained but it is possible to single out a delinquent member if necessary.

Advantages

The features and benefits of building co-operatives are easily seen. They depend on group effort but individual responsibility; they emphasize self-reliance, willingness to work (sweat equity), savings through bulk buying, and in the end a home at a bargain price. The frequent helplessness of an individual faced with the task of building a home is lost in the strength and resources of the group. The whole effort may yield the only capital gain that people of low or moderate income may get in their whole lifetime. And it means home ownership for those who value it highly.

Mary Arnold says in her little book:

"Would you have strong, free, self-reliant people? Then put tools in their hands and let them build. Credit unions, co-operatives stores, co-operative houses, these are the tools with which they may fashion their lives. The Co-operative idea is as old as man and still a dream of what men can do.

"It is not supermen we need but ordinary men and women to travel the Co-operative road. Let them provide credit for themselves, grow food, organize stores and build houses and they will provide for themselves the materials for a fuller and richer life. And they will do more. They will build themselves and in so doing will build a newer world on the foundations of the old."

The Public Purse

One feature of these building co-operatives has not been mentioned much, but is certainly worth noting here. In the Nova Scotia experience they have meant a great saving to the public purse: they have been a beneficial alternative to public housing. They are built at less cost and, until very recently, included no subsidy.

At the time of writing, a public housing unit (3 bedrooms) in the Maritimes costs about \$21,000, even higher, and carries a subsidy from the public purse indefinitely from the day it is occupied. By contrast, a single detached house in a co-operative group requires a mortgage of \$12,000, or up to \$14,500 if the land cost is high, with no subsidy on completion. Large subsidy payments have been saved for the public purse these 30 years by co-operative housing in Nova Scotia and to a lesser extent in some other provinces.

This is not to suggest, of course, that co-operative housing can completely satisfy the need for public housing. There will always be a need for public housing, whatever form it may take, but there are good reasons to look for alternatives, especially where there are people who can be organized co-operatively and who are prepared to take responsibility. And in the smaller places in Canada, where urbanization has not become too complex for the more direct forms of group action, citizens should still be able to get together easily in building co-operatives, even though the sweat equity may have to be reduced or even eliminated altogether in some cases.

The main theme of this chapter, briefly, is that the smaller urban centres of Canada, mainly in the 5,000—50,000 range, should not push headlong into public housing projects as the only answer, but should see how far a vigorous program of co-operative housing can go to fill the shelter needs of families of middle and low income. Building co-operatives can yield precious social dividends that cannot be found in public housing, and if the Nova Scotia experience means anything, they can ease the public burden of housing subsidies.

It should be mentioned here that approval has been given for a few subsidized co-operative groups to be built in Nova Scotia. The members will be families ordinarily eligible for public housing, but in this case they will own their homes as other citizens do and can enjoy the satisfaction of home ownership while working their way out of subsidization.

The Mother

In the multiple housing co-operatives in the larger cities, we speak of the "mother society", the development group which takes responsibility for planning and constructing a project to be taken over when completed and occupied by the owners, the "daughter society". What is not generally recognized is that the building co-operatives need a mother society too. Only rarely and with considerable difficulty and often hit-or-miss planning can a group of citizens come together and bring a building co-operative to successful completion. A guiding hand with housing expertise is needed. The Nova Scotia Housing Commission is filling that role, providing the planning and supervision needed by a group anywhere in the province.

This is the key required in other provinces that want to develop building co-operatives for the smaller places. Ideally, the mother society should be a central organization of co-operatives, just as a credit union league or central credit society takes responsibility for credit union organization and services in a province; or the initiative may be taken by a provincial government agency as in Nova Scotia, with some kind of joint arrangement between government and the voluntary movement to be devised later.

The building co-operative and all it connotes, especially self-help and intense group effort to achieve ownership of modest but good homes, came out of depression conditions, it is true, but the whole idea of this type of co-operative may yet go a long way to build better housing for Canadians in the smaller places that are still and will likely always be an important component of Canadian society.

CHAPTER 8

POPULAR NOTIONS (MOSTLY WRONG) ABOUT HOUSING CO-OPERATIVES

Every new idea has to combat wrong notions held about it. The cream separator, vaccination, railroads, free education — all were opposed in generations past by those who either did not like new ways of doing things or did not understand how they operated. We would not have automobiles today if someone years past had not believed that an ox cart or horse and buggy was not the best possible way to travel.

In housing too, innovation often has to fight its way through to acceptance. Any new type of housing, method of construction, form of organization or means of financing will generally be opposed or misunderstood by the majority before it wins a place in the whole system, for human beings rarely direct their lives and arrange the environment along rational lines. In fact, the conventional way of doing things is often determined by emotion, selfishness and prejudice rather than common-sense.

For example, in this field of housing everyone knows that the crucial factor in urban Canada is LAND, and yet Canadians have done little to change, redirect or control this factor. Reason should have dictated that if the price of a building lot is allowed to go from \$100 to \$10,000 within one's lifetime, some people, in fact, many, many people, are going to suffer for housing. If citizens allowed control of the air above them to be directed as they do the land beneath them, according to the dictates of the market, air in cities would be an expensive commodity and breathing might well become a costly exercise.

Many new concepts in housing were not readily accepted in Canada and some are still waiting for widespread approval. Twenty-five years ago many Canadians, perhaps the majority, held that the Federal Government had no place in housing; now it is being faulted for not doing enough. Public housing is not universally accepted; in fact, it is strongly opposed in some quarters, and in an organized way, even in the National Capital. Zoning restrictions have both supporters and opponents. Row housing, a thoroughly sensible concept to many people, is not yet respectable in the minds of some, particularly in the Maritimes, where it has to live down a bad reputation. Insured mortgages, urban renewal, rent supplements, mortgage lending by chartered banks, condominiums, land assembly, provincial housing corporations, occupancy standards, limited dividend projects, social housing, modular house construction — these are all relatively new ideas in Canadian housing.

So, no one should be either surprised or discouraged over the fact that co-operative housing is not of much importance yet, except in a few places in Canada. When Alphonse Desjardins started the first *caisse populaire* (credit union) in Lévis, Quebec in 1900 (the first, by the way, in North America), the idea was brand new on this side of the Atlantic, and he encountered all kinds of obstacles. For example, for a few years the *caisse populaire* had to find its way without an appropriate base in legislation. That stage is now long since past: Alphonse Desjardins' idea has proved itself and has gone far.

In general, it may be said that the concept of a building co-operative for home ownership is easily understood and quite widely accepted in Canada, even though Nova Scotia is the only province where it has been put into practice on a fairly large scale, at least large enough to have any effect on the overall housing picture. Its concept has considerable appeal in terms of traditional values: people working on their own initiative, motivated by self-help; a group of neighbours taking responsibility for improving their condition; the elimination of extraneous costs (a home in a co-operative group in Nova Scotia costs perhaps \$5,000 less than anything comparable in public housing); in the end the individual family has a real asset that may some day result in considerable profit if it is sold. No difficulty understanding all this — it harmonizes well with conventional views and values. The strange thing is that it has been so little practised in Canada. Perhaps the reason is that, after all, it is a rather hard way to get a home, even though it is inexpensive. That may explain too why its appeal is decreasing rather than increasing.

But in contrast to the building co-operative for home ownership, it can be fairly said that the housing organization for co-operative tenure is understood hardly at all in Canada; and consequently the very idea encounters the same kind of incredulity, lack of support and popular misconceptions that any new idea has to face, particularly when it challenges prejudice and vested interests.

Let us look at some of the views and opinions which are referred to as "popular notions" in the heading of this chapter and which are labelled as "mostly wrong".

✓ 1. **"Housing co-operatives are mainly for low-income or poor people."** This is a common view that is quite inaccurate. The fact is, most of these co-operatives up to the present have been middle-income rather than low, and some, particularly in the USA, have been upper-income. A co-operative is for any people who prefer the co-operative way of getting goods and services, although for obvious reasons their appeal is greatest for those who lack goods and services.

As a general rule, co-operators in Canada support the principle of a broad mix of incomes in housing co-operatives, a mix that would roughly reflect the population itself, with rent supplements or subsidies for low-income families as if they were in public housing.

2. **"A housing co-operative must be initiated and planned from the beginning by those who will occupy it as members."** This is standard procedure for a small building co-operative, but not for a large housing co-operative. In this respect a housing co-operative is somewhat similar to a condominium. It generally has to be initiated by a sponsoring organization or "mother society", but it is highly desirable that a large portion of the prospective members should participate in some aspects of the planning as early as possible.

3. **“To set up a housing co-operative, the members have to go through the trouble and time of waiting for a project to be built.”** That is generally true, but there are alternatives: (a) They may purchase a completed project, or one under construction, from a builder. (b) They may purchase existing housing and renovate it according to their needs. (c) If it is public housing, in some provinces they may be encouraged to buy or lease it and run it co-operatively.

4. **“Co-operatives will always have the same difficulty as others getting land for housing.”** That is generally true, but not completely, because housing co-operatives are usually willing to build on leased land, especially land leased from a public body, and this often makes land more readily available, especially where a municipality takes a more enlightened view of land use and is prepared to lease it rather than sell it.

5. **“Being a member of a housing co-operative is the same as having your own home.”** No, not exactly, since ownership under co-operative tenure is collective, that is, by the whole membership. Thus, many decisions that are made individually when one owns a single house or condominium must be made by the members as a group in a housing co-operative.

6. **“Membership in a housing co-operative is no different from renting.”** Yes it is, and fundamentally different, because in a housing co-operative the members occupying the accommodation are the owners and landlord.

7. **“In order to save money for its members, a housing co-operative must build more cheaply than others – there is no other way to make savings.”** This is not correct, although of course to be economical the co-operative must be careful about building costs. But generally the savings in a housing co-operative start after construction has ended. Recently the members of one such co-operative reported that when they moved in there was no apparent saving, but now two years later the savings are substantial compared to rental accommodation in the locality, which has increased sharply compared to monthly charges in the co-op.

8. **“There is no saving in a housing co-operative that cannot be made in a condominium.”** That is not right. The condominium does have advantages for some, but so has the co-operative for others, and in other respects. For example, if one wishes to sell a condominium unit, the selling commission charged by a real estate agent may be 5 per cent to 7 per cent, which means \$1,000 to \$1,400 on a unit valued at \$20,000, whereas one can move from a housing co-operative without any sales commission or legal costs.

9. **“It would be unfair to make special concessions to a housing co-operative because the members at any time might sell out the whole project at a big profit.”** Yes, this is a possibility, but so remote and unlikely that it should hardly be considered at all. The members have joined the co-operative to get housing, not to make profit on investment, and they are not likely to give up what they most need. Or if they were to sell, what satisfactory alternative would likely be available for housing? Moreover, it is highly unlikely there would be the necessary majority to carry such a drastic proposal. So, the chances of a “sell out” are indeed remote.

10. **“Present housing legislation and provisions for financing are easily applicable or adaptable to a housing co-operative.”** This is not generally the experience in Canada. While it is true that a number of successful projects have been built under existing legislation and regulations, many feel that substantial changes are necessary for housing co-operatives to make their full contribution to housing in Canada.

CHAPTER 9

THE PLUS AND MINUS SIDES OF HOUSING CO-OPERATIVES

(PART I)

In this chapter we are going to examine the good and the not-so-good features of housing co-operatives, what I call “the plus and minus sides”.

I suppose that everything we have or must deal with in life has two sides, both advantages and disadvantages, plus and minus. Nothing is either perfect or all bad, and every institution has to be viewed from the standpoint of both merits and shortcomings. So it is with housing co-operatives.

What Is A Housing Co-operative?

First, let us be clear of what we are talking about. In preceding and following chapters the term "housing co-operative" (as distinct from a building co-operative for home ownership) is used to designate a particular kind of housing tenure that is essentially co-operative. Its main features are these four:

- i) It is some form of multiple housing owned by a group organized under a co-operative charter. It may be an apartment, row housing or some form of medium-density housing. In Canada there are only a few such co-operatives, varying in size from about 50 to 400 units.
- ii) It is not home ownership in the traditional sense, because no person owns an individual unit, but instead is a member of the co-operative and holds a lease on the apartment or unit occupied. It is neither rental nor outright ownership, but co-operative ownership with tenure according to the rules made by the members.
- iii) It is a continuing co-operative. It is incorporated with provisions in accordance with co-operative principles and remains in existence as long as it holds a charter. Under normal conditions the membership will be changing constantly. The housing accommodation may change too — it may be added to or diminished or renovated. And it may be sold, but this is very unlikely as long as the members are in need of housing. But no member may sell the unit he occupies, because he does not own it separately.
- iv) It is non-profit, since no one becomes a member with investment primarily in mind. It is put together to provide shelter and create a community, not to make profits, build an investment or produce a capital gain.

This is a new form of housing for Canadians and it is still in an experimental stage, as other co-operatives like caisses populaires and credit unions were in the past. Unlike the condominium, which had a great deal of support and promotion from various sources, especially in business circles and government, to put the idea across and sell it to the public in the last five years, housing co-operatives have had scant information and publicity. There is, therefore, a general lack of understanding about them.

By Comparison

We can judge something and assess its value only by comparison with some alternative, so here we shall try to explain and evaluate housing co-operatives by comparing them to alternative forms of housing in Canada: 1) home ownership, 2) rental housing, 3) public housing, and 4) condominiums. Throughout this comparison we shall keep in mind the environment and conditions of the larger urban centres in Canada — say, from 50,000 population up; for as pointed out in a previous chapter, the housing problems of the smaller places are quite different, and in these smaller places the building co-operative for home ownership is still quite appropriate.

1. Home ownership. This is one of the high ideals of Canadian culture — to own a home. And indeed this ownership is very precious to many people, perhaps the majority of Canadians at present. For certain, there is usually great satisfaction in terms of security of tenure and financial benefits in having one's home separate and detached. In addition, in some parts of Canada certain benefits accrue to the homeowner which are not available to those who do not own property. This is manifestly unfair to the latter — but there it is.

But the other side of the coin is that home ownership is becoming more and more difficult and expensive, and generally the larger the city the more difficult does it become. In Toronto, for example, it is a luxury reserved for the fortunate who inherited private homes and for upper-income citizens.

The President of Central Mortgage and Housing Corporation said recently that 95 per cent of the people in Metropolitan Toronto cannot afford a new house. A newsletter of the Bank of Nova Scotia said in 1959: "At least a third of Canadian families are below the income level needed to buy a new house . . ." How true this statement rings today, twelve years later! Except that the proportion of those who cannot afford a new house is much higher.

Further facts about home ownership must be kept in mind. Single homes are more costly to build than multiple housing under similar conditions, and they are more costly to maintain and service. When they are located on less expensive land far from the city centre, the cost of transportation must be taken into

consideration, and the cost of extending public services of all kinds as well. So, in metropolitan areas and large urban centres the inevitable trend of the future will be away from single detached homes. A considerable number of the older ones will remain for a long time, of course, but new ones will be fewer and fewer.

Furthermore, the person or family aspiring to home ownership must take other factors into consideration. Owning a home is often a decided benefit and advantage, it is true, but sometimes it is not. Canadians are becoming an increasingly mobile people, moving frequently, and workers especially who must move from one job to another may find that home ownership can be a hindrance to mobility. In addition, there are legal and real estate costs involved in disposing of a home, and sometimes "the market" may not be favourable for the seller.

In short, ownership of a single house, the Canadian dream, is indeed becoming only a dream in the larger urban milieu. Land costs especially are tending to make it harder and harder to attain. An alternative must be found. People must turn to renting, to public housing, to condominium living or to a housing co-operative. Which will it be?

2. Renting. The trend in Canada towards rental accommodation is quite pronounced, as shown by these figures (approx.) for construction starts:

Year	Single Houses	Multiples (row & apartment)
1950	68,600	15,100
1960	67,100	32,000
1970	70,700	109,000
1971	98,000	121,800

The long-term trend is clear, even though starts of single houses made a remarkable comeback in 1971. As urbanization proceeds, multiple housing gradually takes over. Some of the figures for multiples in 1970 and 1971 represent condominiums, but the greater part is rental accommodation.

For many people renting has advantages. It leaves them freer to move about — they are not tied down by ownership — they do not have the burden of an owner's responsibilities — short-term, they do not have unforeseen shelter expenses — they do not require a heavy down-payment to get their housing.

But renting has its disadvantages as well. The main one is long-term insecurity of tenure. Those who rent cannot tell what they will be paying for their accommodation some years hence: without rental control they only know it will be higher. Moreover, the person moving from a home of his own to a rented apartment quickly becomes aware that he has surrendered many of his rights as a consumer. Indirectly he pays for many things (fuel oil, gas, fire insurance, interest charges, supplies and services) but has no control over where or how they are purchased. And finally, renters live under the landlord's roof and must live by his rules. Often they are second-class citizens in respect of the powers of the landlord.

It is worth noting here that associations of tenants are becoming fairly common in some parts of Canada. Their main purpose is to secure the rights of tenants in relation to landlords. It was out of such organizations in Sweden that housing co-operatives grew some years ago, when tenants began to realize their collective power for the control of the housing they occupied and, in the long run, paid for.

CHAPTER 10

THE PLUS AND MINUS SIDES OF HOUSING CO-OPERATIVES

(PART II)

Part I under this heading dealt with the subject by setting out the advantages and disadvantages of 1) home ownership and 2) renting, as compared to housing co-operatives. In this chapter we continue by extending the comparison to 3) public housing and 4) condominiums. It should be kept in mind that throughout chapters 9 and 10 we are describing the situation in the larger urban and metropolitan centres, not in the smaller places, where conditions are quite different, especially with regard to land suitable for housing.

3. Public housing. Public housing in one form or another is, of course, rental accommodation, but with the state (government or public authority) as landlord. Built or operated to accommodate persons or families with low income, it often carries the stigma of inferior housing for the poor, although it need not and indeed should not be inferior. By far the largest number of units of public housing built under The National Housing Act in Canada is in Ontario — about two-thirds of the total.

For those who, for financial reasons, are not “in the market” for housing, public housing is indeed a godsend and should be supported in principle by citizens who do not need it. But as long as it is operated in the conventional way, it has certain inherent disadvantages. It tends to congregate low-income families in areas that become labelled as ghettos for the poor, mainly because the problems of the poor become concentrated and intensified.

Moreover, lack of a sense of responsibility is frequently heard as a criticism of public housing, and for this reason some large public housing projects in USA have had to be actually abandoned. However, administration and other factors may be as much to blame as the attitude of tenants, and so this may not be a valid criticism at all.

Another shortcoming of public housing, as we see it in Canada, is that, while the poor and needy are everywhere, public housing is not. Families in town A may have to move to city B to get the housing they need, housing provided with public funds. This in itself is an injustice to the poor; they must go where the housing is, even though it might be much better for them to remain where they are. It is for this reason that many would prefer to see a system of rent supplements, instead of public housing, in other words a system that would subsidize people instead of subsidizing housing. Canadians would do well to have public housing made invisible, so to speak, in the same way that medicare is invisible — we know the total cost to the public but we need not know which of our neighbours may be the beneficiaries.

As a general rule, those who favour co-operative housing also favour public housing in principle. But they argue that citizens who have limited income should be able to live in co-operative housing if they prefer it and get the same level of financial assistance that would be available to them in public housing. Similarly, they have long argued that the provisions for limited dividend housing under The National Housing Act should be available to low-income families who would like to own their housing co-operatively.

4. Condominiums. The condominium is relatively new to Canada. The legislation for this type of ownership is not uniform from province to province and it appears to be in need of clarification on some points. (Prince Edward Island is the only province without condominium legislation, and in Newfoundland an Act passed in 1970 had not been proclaimed at the time of writing.)

The basic concept of condominium housing is easy to understand. Imagine all the single detached houses on a street stacked or pushed together to form multiple housing, and you have a condominium. The separate units are individually owned, but the common areas serving all are collectively owned. For our purpose here, the question is: how does owning a condominium compare with membership in a housing co-operative?

The basic difference, obviously, is that ownership of a condominium is individual ownership — the owner may sell it as his own and take his profit or loss. Thus, the condominium is not very different from conventional home ownership, except that it is in multiple form. It preserves the right and tradition of private profit. From the viewpoint of the individual owner, it has the advantage of personal gain, provided the market is favourable, especially if housing is in short supply. From the viewpoint of society at large, it does not seek to alter the forces which tend to push the cost of housing ever upward. In other words, if the expectation of the condominium owner is fulfilled when he sells his unit, the hopes of someone else in getting a home are made more remote.

Sometimes the condominium idea is confused with co-operatives, and some people consider them fundamentally the same. Actually, there is some superficial similarity, for example, in management and control of the common area, but in essence they are totally different. Condominiums are built on the initiative of the producers of housing, not the consumers. Once the condominium units have been sold, the responsibility for operating them devolves on the buyers, and in some respects at least this makes the condominium less desirable than ordinary rental accommodation.

Moreover, the owner of a condominium may not be able to sell if the market is "soft", and when he sells his unit he may find that legal fees and real estate commissions have eaten up much of the profit. Furthermore, in contrast with a housing co-operative, transfer from one unit to another in a condominium project may be just as difficult and costly as if the units were single detached.

On the plus side, however, the condominium owner has greater freedom to decorate or renovate or add to the value of his unit than his counterpart in a housing co-operative.

5. Housing co-operatives. From the viewpoint of alternatives in housing, we can now set out both the advantages and disadvantages of being a member of a housing co-operative:

i) In relation to ownership of a single detached house

Advantages

- a) More efficient use of land.
- b) Less expensive to operate, e.g. utilities to a co-operative can be bulk-metered.
- c) Neighbourhood can be created on the basis of compatibility instead of income.
- d) Easier to plan and provide for playgrounds and recreation areas.
- e) Members can readily set up other co-operative services, e.g. credit union, nursery school, consumer co-op, etc.
- f) Greater opportunity for creation of community.
- g) Tends to hold down the cost of housing.
- h) Easier to move from place to place, or to another location in the same area.

Disadvantages

- a) Less feeling of pride of personal ownership.
- b) Individual must conform to the rules of the whole group, e.g. in the keeping of pets. }
- c) Less freedom to decorate and renovate.
- d) No opportunity for profit on investment.

ii) In relation to renting accommodation

Advantages

- a) If it is planned under expert sponsorship, it is built from the viewpoint of consumers who will occupy the accommodation, not from the viewpoint of developers and builders.
- b) Members of a co-operative are owners of their housing; they are their own landlords.
- c) They make their own house rules and occupancy regulations.
- d) They can more easily create an atmosphere of community.
- e) Most of all, they enjoy long-term security of tenure.

concern about new legislation

Disadvantages

- a) They must provide initial capital, while a tenant usually has no down-payment to make.
- b) They must spend considerable time involved in exercising control, e.g. serving on the board of directors.
- c) They must bear the cost of carrying any vacant units.

iii) In relation to public housing

Advantages

- a) Co-operative housing is usually less expensive to build and operate than public housing.
- b) Co-operative housing creates a feeling of ownership and responsibility, which public housing cannot possibly do.
- c) A co-operative does not deliberately segregate low-income families.
- d) It tends to ease the burden on the public purse and the taxpayer.
- e) The members are more likely than public housing tenants to organize community activities and co-operative services.

Disadvantages

- a) It is usually more difficult to organize a good co-operative than to provide public housing.
- b) The co-operative lacks the financial resources of the public purse.
- c) As with other kinds of co-operatives, a housing co-operative may tend to become a decidedly middle-class institution.
- d) Public housing is better able to provide for persons and families in greatest need.

iv) In relation to condominiums

Advantages

- a) In a co-operative the make-up of the community is decided by the members themselves, while in a condominium project the first choice is at the option of the developer.
- b) A member of a housing co-operative is not tied down by ownership of a particular unit, and he is thus more mobile if he needs to move from one location to another.
- c) There are no legal fees or commissions to pay when one enters or leaves a co-operative.
- d) By its very nature, a co-operative is more likely than a condominium project to create a spirit of community and neighbourliness.
- e) The co-operative does not contribute to inflation of housing costs as the condominium does.

Disadvantages

- a) The housing co-operative is not attractive to the person who looks upon housing as investment as well as shelter, since it does not hold out the prospect of making a profit.
- b) The condominium owner will likely take better care of his unit since he has personal ownership of it and is free to decorate or renovate it as he wishes.

CHAPTER 11

A PLACE TO STAND

One might imagine that Canadians would never have trouble finding a place to stand. In fact, the picture many of us have of Canada is of wide open spaces waiting to be filled with people. The realities of the situation are quite different: there are, of course, great spaces yet to be filled, but in the urban areas of this country, particularly the metropolitan areas, standing room is getting scarce, and very expensive.

Once upon a time land was almost an incidental matter in housing, a small part of the total cost; now it is a crucial factor, and it is plain that the problem is going to get much worse. As recently as 1951, land accounted for about 10 per cent of total housing costs in Canada. Now it is getting close to 20 per cent, and in some cities in Ontario the figure is well over 30 per cent. Land prices in the Toronto areas have been jumping about 17 per cent a year. At this rate they can double in about four years. In a Western song popular some years ago, the cowboy sang: "Give me land, lots of land!" Pretty soon he may be singing: "Give me land, land for lots!"

Urbanization

Escalating land costs are a logical result of urbanization in our kind of society. If the law of supply and demand is permitted to operate unhindered, it exacts the market price. So the curve of land prices keeps slanting upward alongside the curve of population growth. Canada's population will likely double in the next 20 to 25 years, and it is predicted that 45 per cent of the total population will be in three metropolitan areas: Montreal, Toronto and Vancouver. We can easily see the pressures already building up in the largest cities: of 150,000 dwelling units financed with National Housing Act loans in 1971, over 103,000 were in metro areas, only 19 in number. The actual numbers for the four different types of municipality were as follows:

Metro Areas (19)	103,512
Major Urban Centres (23)	13,770
Other Centres over 10,000	12,934
Other Areas	20,120
	<u>150,336</u>

Thus, we see that 19 metro areas got over twice as many National Housing Act — financed units as all other places in Canada combined. The strong attraction exerted by the biggest cities on both industry and people tends to aggravate crowding in a few places and inevitably puts still greater pressure on available land, to the point that the price tag seems beyond all reason.

However, it would be wrong to think that it is only the big places that are in trouble over land. So are the smaller places; but in these it is not a shortage of land, but rather of serviced land. Everywhere the factor of a place to put housing, relatively unimportant in days gone by, has become a serious hurdle in the way of better housing for Canadians.

But the basic problem is, of course, not confined to Canada. It is rather a world-wide phenomenon. In Paris, we are told, the price of building sites rose by 530 per cent between 1956 and 1964, and there were complaints that industrialists preferred to invest their capital in land instead of plants and equipment.

Nor are the problems of urbanization and land costs entirely new. When the USA was growing rapidly in the past century, an economist and advocate of land reform by the name of Henry George put forward the idea that land costs could be controlled by the "single tax", by which the state would tax away all economic rent, and at the same time abolish all other forms of taxation. This idea and his book *Progress and Poverty* brought him fame in his day, but now both his name and the single tax are forgotten. Such a tax may appear crazy today, but perhaps it is no crazier than much that has taken place in urban development since George died in 1897.

Land For Co-operative Housing

This subject is of great interest to us in co-operative housing because land has been one of the main obstacles encountered in co-operative housing in Canada, not so much for the building co-operatives for home ownership, but certainly for the multiple-type housing co-operatives. Unlike the big developers, the people organizing co-operatives do not have vast land banks and so usually have to deal, cap in hand, with those who control land. Often they are obliged to accept poor locations, and generally too there is a long delay in obtaining final commitment.

All of which brings home to us the fact that housing is much more than a house or an apartment for rent: it is also neighbourhood, space, access to highways and public services, parks and playgrounds, and all amenities associated with land and the environment.

It also impresses on us the fact that this is not only a question of the amount of land available, but also how we use it, whether for single detached houses, 3 or 4 to the acre, or for medium-density housing, 10 to 15 to the acre, or for high-density or high-rise accommodation. Single-detached housing is wasteful of land in terms of city pressures — but, of course, so are huge parking lots at shopping centres, empty for many hours each day while people are forced to live in congested surroundings. Many people assume that high-rise buildings have gobbled up most of the land in the major cities, and they are surprised to learn that even in Toronto single-family houses still occupy over 95 per cent of the residential land.

What Makes Land Expensive?

Here we should look at the factors which make urban land expensive — who or what is to blame? Associated with the pressures of urbanization is the obvious: speculation and subsequent profits, not just normal return on investment as one would expect, but outright profiteering at the expense of others. Indeed, there is something especially unconscionable about land profits, because they are made largely by the very presence of others rather than the industry of the owner, and by the expenditure of public funds in general development of the particular area.

In a recent case brought to light in a Supreme Court decision late in 1971, it was revealed that land purchased for \$250,000 had been sold to developers for about \$600,000 for high-rise apartments. The sellers had made this tidy profit after holding the land for about a year. Here we are concerned with what must be a central consideration: the profit made in this transaction would have to be paid in time by the tenants occupying the apartments.

But profiteering by speculators is not the only factor, of course. There is also the rising costs of servicing land, of higher interest charges on money borrowed for financing, and the installation of amenities required by municipal authorities. All are contributing factors to skyrocketing land costs.

What About Land Assembly?

Some control has been exerted over the price of land through the technique of land assembly, with the different levels of government, federal, provincial and municipal, collaborating to purchase raw land, service it ready for housing, and place building lots on the market at a fair price in relation to cost, usually well below the market rate. Many thousands of Canadians have purchased lots in this way and have thus benefitted from the machinery of public action.

But the whole land assembly scheme, excellent up to a point, has a serious flaw: it protects only the first buyer — the second, third, fourth, ad infinitum, are left to the forces of the marketplace. Indeed, the system actually subsidizes the one who gets in on the ground floor, leaving each successive purchaser exposed to the biting winds of supply and demand.

An ironic touch, too, is given to the situation where homeowners who bought lots in land assembly later combine to prevent the building of public housing in their neighbourhood! They have, in reality, been generously subsidized, though indirectly, and now they deny access to public benefit to fellow-citizens in great need. Just another instance of man's inhumanity to man. Of course, the comfortable homeowners will protest that they are not opposed to public housing — only to public housing that is within view.

What Is The Answer?

Then, is there no answer? Or must Canadians sit back helpless while the price of a place to stand continues to spiral upwards to ever dizzier levels? There is an answer, at least in the long view: Canadians must be willing to accept public control over all urban land. In short, we are obliged to bow to the logic of the proposition that private ownership of urban land is incompatible with policies, planning and programs for good housing. And it is not such a radical idea after all; we can become accustomed to the simple logic that individuals must not be able to have outright possession of land beneath them any more than the air above them. Land for urban housing should be moved to the public domain and leased, just as much of the national forest wealth is publicly owned and controlled, with cutting rights given for private use on a rational basis. This, of course, would be a long-term measure requiring many years to carry out effectively.

Land Reform

Many Canadians going to Latin America, or reading about conditions of poverty there, immediately see that what is needed most of all is land reform for the benefit of the great masses of rural peasants. In the developed countries we need land reform too, but of urban land. The medicine we so readily prescribe for others we should be willing to take for our own ills.

Of course, control of the land factor will not by itself stabilize the cost of housing. The major elements of escalating costs revolve around land, interest charges, construction costs and building materials, and their rates of increase have been in that order. It should be plain for all to see that the worst offender, land, will be kept within bounds only by rational measures taken by people of high social intelligence.

CHAPTER 12

CREDIT UNIONS AND HOUSING

Credit unions have become a widespread mass movement in Canada, with fully a quarter of the whole population, men, women and children, in membership. Housing — better housing, more housing, housing for those who do not have decent housing — is a great need in this country. How can these two be brought together? In other words, how can credit union funds find their way into building and rehabilitating more houses? In short, how can credit unions get into housing, and especially co-operative housing, in a big way?

The Desjardins Story

Though credit unions are a big thing today, they were once small, very small. For the benefit of those who are not familiar with the story, a brief historical review is necessary. Credit unions in North America were started by an illustrious Canadian, Alphonse Desjardins, whose name has now gone to the four corners of the world. The remarkable thing is that he laid the foundation for the movement practically single-handed in the beginning.

It was Desjardins' genius and character that created Quebec's great gift to North American society: the organization of co-operative credit. The instrument he used he called "La Caisse Populaire", a community institution for encouraging savings and providing loans for ordinary people, who in the time of Desjardins had little to save and usually had trouble getting loans, except at outrageous rates from moneylenders.

After careful study of co-operative credit in different European countries, particularly Germany, he adopted the features he thought best suited to conditions in Canada and established the first caisse populaire at Lévis in 1900, with 90 members and capital of only \$26 to start with. Without even legal status for a few years, the caisse populaire idea had to spread slowly and surely, first in Quebec. As Desjardins later reported: "There was no lack of prophets to foretell a complete fiasco. The founder was freely criticized and was even the object of assertions of the most offensive character." But by 1914 he could write: "There are now over 150 co-operative banks in Canada — not one of which has yet lost a penny."*

In the meantime Desjardins had helped to launch a similar movement in the USA, where the caisses populaires were named "credit unions". He also helped to organize a few in and around the national capital, Ottawa, where he worked for several months each year as a Hansard reporter in the House of Commons. One of these early societies was the Civil Service Co-operative Society, now the largest in Canada, with membership about 40,000.

Fortunately Desjardins lived to see his dream of co-operative banking and credit become reality, and his great work brought him many honours. One of his admirers, with whom he was associated for some years in the effort to get suitable legislation for co-operatives, was Earl Grey, then Governor-General, and at that time President of the International Co-operative Alliance — originator, by the way, of the Grey Cup.

The Movement Today

But the Desjardins system of co-operative credit was confined mainly to Quebec until 40 years ago, when it was introduced into Nova Scotia from the USA. Then in the 30's the idea of credit unions spread quickly to all provinces, and today there are over 4,300 in operation in Canada, including the caisses populaires, some of them small but others now grown quite large. Total membership in Canada is of the order of 6,000,000 and total assets are now reported to be over \$5½ billion.

In Quebec the movement is generally considered of vital importance, not only to about 3,000,000 members in some 1,300 local caisses populaires, but also to the general economy of the province. Through various federations the Desjardins movement owns two life insurance companies and various financial institutions serving members of caisses populaires, along with an important educational centre, L'Institut Co-opératif Desjardins, located in Lévis. Even in dreams Desjardins could hardly have imagined the movement as it has grown since its humble beginning in 1900.

Other provinces in Canada have developed credit unions in their own particular way, with various provincial leagues, federations and central credit societies with supporting services, but all with the same essential principles and objectives in view. Through national organization and under various international development programs, the credit unions are being promoted in other countries of the world also, in Latin America, Africa and Asia. At the same time credit unions have started among the native people of Canada too, even in the far north.

Credit Union Loans for Housing

Now, to return to the central questions here: what of credit union lending in the field of housing? And how can credit unions assist in financing co-operative housing?

* From *The Co-operative People's Bank*, by Alphonse Desjardins; Russell Sage Foundation, New York, 1914.

i) **Conventional lending.** The ready answer is that credit unions are already substantial lenders for housing, with both individual and group loans, and for both new housing and improvements on existing housing.

The national figures for the year 1969 show that about 26 per cent of total loans of caisses populaires and credit unions were mortgage loans on dwellings. British Columbia and Quebec were high (38 per cent and 32 per cent respectively) and the average of provincial ratios for this type of loan was 15 per cent. The percentage figures for four provinces, not including these two, show almost 20 per cent of all loans classified as "real estate" and 4 per cent as "home repairs". From these figures for 1969 we can estimate roughly that caisses populaires and credit unions had total loans of the order of \$1 billion in housing in Canada. The figures would be considerably higher today.

It is not surprising to find the Quebec organizations high in mortgage lending because that has long been a feature of the caisses populaires. Desjardins made it clear that, while the movement he launched was primarily for short-term credit, "nothing prevents such banks, especially after some years of existence, from granting loans for 5, 10, 15, 20 or even more years . . ." In other provinces it is usually recommended that mortgage loans by the credit unions be channelled through a central federation which is able to specialize in this type of lending.

ii) **National Housing Act lending.** One of the main functions of The National Housing Act is to provide guarantees for mortgage lending and thus make additional funds available for housing. Financial organizations that meet certain requirements in making housing loans may be designated "approved lenders" under The National Housing Act and are then able to recover losses they may incur on mortgages. It is in this way, for example, that the chartered banks have become major lending institutions for housing. Only a few credit unions or caisses populaires have applied to become approved lenders, but one in Saskatchewan has become a substantial National Housing Act lender.

iii) **Lending for co-operative housing.** Perhaps the most valuable, and greatly needed, kind of lending for co-operative housing is interim financing while a project is under construction and until it becomes eligible for advances of mortgage funds. A housing project cannot be put together quickly; in fact, it usually takes about two or three years to go through the various stages of planning, organization and building until the occupants (members) actually move in. Financing during this period — which of course private developers and builders need too — is one of the most serious problems facing new co-operative groups. It is worth noting that most of the multiple projects built for housing co-operatives in Canada received a large part of their interim financing from central credit unions or provincial co-operative credit societies.

iv) **Land for housing.** The previous chapter dealt with the land component of housing and stated that the problem of securing suitable locations was one of the biggest obstacles in the way of co-operative housing in Canada. It will remain a serious obstacle for as far as we can see into the future. Here is a role for credit unions to consider: becoming active in land assembly for co-operative housing, and for other forms of social housing, e.g. housing for senior citizens. One housing co-operative in Canada, which includes both family accommodations and senior citizens housing, owes much of its success to the initiative of a credit union in financing the land in the first place.

v) **Limited-dividend housing.** Finally there is the potentially vast field of rental housing for low-income families, in which credit unions have so far played only a very small part. The National Housing Act has special provisions under Section 15 (formerly 16, and commonly referred to as the section for "limited-dividend housing") for sponsoring housing projects for families with low income. The core of this section of The National Housing Act is that, by putting up 5 per cent of the funds required for such a project, the sponsors can obtain a 95 per cent loan, at the special rate applying to public housing, with a long term up to 50 years. (In addition, sponsors of Section 15 housing may be eligible for certain forms of assistance from provincial authorities.) When a credit union sponsors such a project, members of the credit union are eligible as tenants if they have incomes within the range set out in the agreement between the sponsor (the credit union) and Central Mortgage and Housing Corporation covering the project. And surely there must be many thousands of low-income families in credit unions in Canada! In many places where low-rental housing is needed, a credit union may prefer to join with other community organizations in sponsoring a project, rather than doing so alone. Either way it will be engaged in a community effort of great social value.

CHAPTER 13

MOTHER SOCIETY AND DAUGHTER SOCIETY

It is not an easy thing for, say, a hundred families to get together to organize the building of an apartment or row housing of 100 units which they will own and occupy. Not an easy thing, and in fact a very unlikely thing to happen, for collective ownership of housing is a difficult and complicated undertaking.

Thus, we are all familiar with the idea of a family owning a home, but for families to own housing as a group or a company is quite another matter. In fact, it would be pretty difficult for tenants to organize to purchase an apartment building they now occupy, if they were so inclined and the landlord was willing to sell. How much more difficult to do it from the ground up!

The building and organization of a condominium is proof of the difficulties involved in collective ownership of multiple housing. The planning and construction take a long time, financing until all units are occupied is another problem, and usually the property has to be managed by the developer for a few years until the new owners are well settled and in control of things.

Similarly, it is too much to expect that people will come together on their own to organize a large housing co-operative and bring it to completion with their own resources. This introduces the concept of the "mother society" in co-operative housing and explains why it is necessary. It is the organization that takes responsibility for putting a co-operative project in place; it is the co-operative developer working on behalf of a daughter society that will own the housing and whose members will occupy it.

Forming the Mother Society

The crucial question is: who will form the mother society? It must be those who are interested in providing co-operative housing, not necessarily for themselves, but rather for others who will benefit from it. Just as the private housing industry has developers to produce housing to serve their purpose in business, so co-operative housing must have developers to work towards their particular objective, mainly non-profit housing owned by those who occupy it.

This is not at all a new idea in the co-operative movement. Almost anywhere in Canada there is an organization of some kind to help other co-operatives get on their feet. If a group of farmers wish to set up some sort of co-operative service for themselves, a central co-operative, a sort of mother society, will help them form it. Credit union leagues and provincial credit societies are organizing local credit unions almost every day. Citizens wishing to have a consumers' co-op can get help and guidance from a wholesale or central co-op. But mother societies for housing are not yet organized everywhere in Canada.

The first was in Manitoba — Co-operative Housing Association of Manitoba, called CHAM, started some ten years ago by the Co-operative Union of Manitoba. With support from various organizations in the province, it sponsored and built Willow Park, the first housing co-operative of its kind in Canada. CHAM went on to other projects while Willow Park, the daughter society, became an autonomous co-operative.

A mother society draws its support from various bodies with an interest in co-operative housing, mainly other co-operatives, credit unions, labour, churches, and community leaders concerned with better housing for low and middle-income families — what is sometimes called "the Third Force" in housing.

The mother society may be either a province-wide organization or one covering a large city. Ontario has both types: Ontario Habitat Foundation (provincial), and Co-operative Habitat Association of Toronto (metropolitan). OHF is acting as developer of a number of projects in the province; CHAT was developer of Ashworth Square (153 units of high-rise and row housing) in Mississauga. In Vancouver, United Co-operative Housing Society was responsible for organizing De Cosmos Village (110 units), now nearing completion and is now in the process of becoming a mother society for the building of similar projects.

In time, hopefully before long, there will be a considerable number of mother societies across Canada, some provincial and others serving the areas of the larger cities. Their main base eventually will be existing housing co-operatives.

It is sometimes thought that the building co-operative in the eastern provinces got along without mother societies, but this is not correct, for actually they have had a mother society of another sort in the form of a government department. The Nova Scotia Housing Commission is today supplying almost all the services which a mother society is expected to give: land assembly, house designs, technical supervision, financing and practical guidance during construction; and in former days a great deal of this help was provided by a university extension department. Very much the same assistance has been available in Newfoundland through government departments, and now the Newfoundland & Labrador Housing Corporation. When the building co-operatives were active in Ontario, they had a mother society too, not a government service but a provincial building society within the co-operative movement.

The Swedish System

The structure that is beginning to take shape in Canada for the development of housing co-operatives is modelled somewhat after the Swedish pattern. In Sweden the consumers' organization for housing is a large popular movement known as HSB, which had its origin in the organization of tenants in the early 1920's. It operates at three levels:

- 1) The HSB National Association;
- 2) HSB Local Societies (about 100 mother societies, whose members may be individuals as well as housing co-operatives);
- 3) HSB Housing Co-operatives (about 2,800 projects with some 300,000 units or dwellings).

Through this national structure, in which 50 to 75 new co-operative projects are built each year, HSB has great influence in all aspects of housing in Sweden: architecture, design, construction, financing, community planning, furniture and household appliances. It has its own factories for housing supplies and the manufacture of pre-fabricated units, and has pioneered in new concepts of housing and methods of construction. All this is oriented from the viewpoint of people as consumers of housing.

In Canada the outline of this structure has been formed, but it is obvious that, given the size, complexity and constitutional set-up of this nation, its final pattern will not follow the Swedish system exactly. Several mother societies, as explained, are now in existence, and following the Willow Park model there are now ten housing co-operatives either completed or nearing completion, with a few more in the study-and-planning stage — these of course are in addition to a large number of building co-operatives. At the national level, Co-operative Housing Foundation, with office in Ottawa, is engaged in the work of promotion, information, co-ordination and liaison with government. In due course its principal support will come from the housing co-operatives being formed and thus, it is hoped, a movement dedicated to the interests of Canadian consumers of housing will grow strong.

Services of a Mother Society

The services that are most needed in a housing co-operative project can be easily imagined:

- i) helping to organize the daughter society — assisting in matters of education, information, membership, bylaws, etc.
- ii) securing land and dealing with municipal and government authorities in matters of location and public services;
- iii) design and architectural services;
- iv) arrangements for interim financing and mortgage;
- v) arrangements for contracts and supplies;
- vi) supervising construction;
- vii) management service, especially in the initial period after members take possession of a project. (In Sweden one person is appointed to the board of directors by the mother society.)

Members of the Daughter Society

A question that is hotly debated in some quarters is the extent to which future members who will occupy a project should be involved in planning and organization from the beginning. Some argue that involving ordinary people in such a complex business as a housing project only slows down the process and complicates the business further. But the sensible view, it seems, is that there is a wide range of decisions

that can be best made by the ultimate consumers, certainly women as well as men, and that the earlier they come to grips with some of these matters the better. To take obvious examples: the people who will occupy a project are not usually competent to judge what materials should go into the foundation — this should be decided by experts — but they should certainly have something to say about such matters as design, room layout, colour schemes and parking areas, and should decide whether or not pets are to be allowed on the premises.

So it should not be a matter of a mother society laying out a project from start to finish and passing it over to a daughter society that springs into existence when construction is completed. Indeed, an embryonic daughter society should exist before a bulldozer moves, and its members, ideally, should be a pretty well organized group with a well-informed core of leaders long before families begin moving in. The best housing co-operative may be the one that has a waiting list by the time the last nail is driven.

But the main point of this chapter is the importance of the mother society — it is the key to an effective delivery system for this type of housing. Briefly, there can be no significant development of housing co-operatives in Canada without a number of strong mother societies across the country.

CHAPTER 14

EQUITY IN A HOUSING CO-OPERATIVE

The matter of equity presents one of the most difficult questions to be answered when a housing co-operative is being studied or organized. But it is a fundamental question that must be faced sooner or later, and the earlier it is debated and resolved in the organization, the better. Then once a policy is agreed on and well understood, it should be clearly set forth in the constitution and bylaws.

The Question of Equity

For those who are not familiar with the problem, here it is briefly: As the value of a co-operative project increases, does the value of a member's share increase proportionately? For example, suppose a co-operative project of 100 units which cost \$1,500,000 to build is now worth \$2,000,000 on the market, does this mean that the value of a \$100 share goes up by about a third? Or if the project is sold out at the new figure, should a person with equity of \$1,500 receive \$2,000 for his shares?

This question is raised hardly at all in other kinds of co-operatives, and the occasion when it is raised comes only rarely when a co-operative is liquidated or bought out by another business. (It did occur in a big way about 50 years ago when the assets of a co-operative elevator company in Western Canada were purchased by a Wheat Pool.) Ordinarily a co-op member thinks of a share as always remaining at par value: \$100 in, \$100 out. Indeed, the original idea in the minds of pioneer co-operators in the last century was to eliminate personal profit altogether from capital investment. Capital, they argued, may earn a normal or modest rate of interest, but no profit whatsoever. This is part of the basis for the common description of co-operative business, that it is non-profit. In effect, this means that capital should not extract from the consumer anything beyond normal rental payment for the use of capital.

It should be noted too that the question of putting a value on equity has not been raised in the building co-operative, the type resulting in individual home ownership. This kind of organization, excellent in itself, is co-operative only up to a point. Either when construction is completed or when the group mortgage is paid off, as in the original Nova Scotia system, the co-operative association ceases and individual ownership takes over. Then the owner can take the market price, often far above what he put into it, sweat equity included. Thus the building co-operative, in the long term at least, belongs to the dominant market system.

The Housing Co-operative

But membership in a housing co-operative is quite different from being in a building co-operative, and different too from being in some other type, like a marketing or consumer co-op or credit union. It is different from the building co-operative because the housing co-operative is continuing and collective

ownership is final. And it is different from the other kinds of co-operatives too because it involves home and the totality of neighbourhood living, and because of the equity build-up in comparable housing outside the co-operative. Changing membership from one co-op store to another, or from one credit union to another, usually involves no hardship and a minimum of financial transactions. But leaving a housing co-operative will likely bring about deep changes in lifestyle, and in the present Canadian situation may bring about serious financial hardship because, unlike credit unions, housing co-operatives are few in number and similar accommodation will be hard to find.

The question of equity and a member's financial rights in a housing co-operative comes up on three occasions, or for three reasons: i) when a member has to leave the co-operative, usually because he has been transferred in his employment to another place; ii) when the principal mortgage has been paid off, usually at the end of 20 or more years, and monthly payments may then drop sharply; and iii) if the project is sold out, when, for example, it has to be demolished in urban renewal or the building of a new highway.

On each of these occasions the question will be asked: how is the member's equity to be properly valued or calculated? And conversely, what should the incoming new member pay, both to redeem the outgoing member's equity, and in relation to the members of long standing? Obviously there will be a strong demand and a long waiting list for membership in a co-operative in which the property has been well maintained and the mortgage has been paid off. Sunday collections can be lowered after the church mortgage is burned.

The Alternatives

On this whole question there are several alternatives open to housing co-operatives, or rather to the members of housing co-operatives, especially in the early stage of organizing — later on it becomes very difficult to change bylaws and to formulate sound policy.

- 1) Strict adherence to the par value principle: on leaving a member receives the same amount as he paid for shares or initial capital contribution. This is the method followed by the large housing co-operatives in New York built under the sponsorship of United Housing Foundation. A family going into Co-op City (by the way, the last of 15,372 families recently moved into this mammoth project) will make a capital contribution of \$450 per room. Thereafter, he makes a monthly payment of about \$32 per room to cover financing and operating costs. Thus, a member moving into an apartment of five rooms will make an initial capital contribution of \$2,250, and if he leaves ten years later he will receive back \$2,250 only, no more. The monthly payment of \$32 per room is not considered an investment in housing but a charge for the use of the accommodation. Note that the co-operative could pay interest on the capital contributed by each member, but only by raising the monthly charges. Thus, the actual cost of housing is kept to a minimum.
- 2) While adhering to this basic principle, some people argue that, in fairness, a member leaving the co-operative should receive back his initial contribution in "constant dollars" to take care of inflation in the meantime. Thus, at the end of a period of years in which there has been serious inflation, the member above might receive back \$3,000 instead of \$2,250 and the incoming member replacing him would be required to pay \$3,000 initially.
- 3) In some co-operative housing organizations there is the feature whereby members accumulate additional capital according to payments made against amortization of the mortgage. Thus, there is an equity build-up which increases over the years, and an incoming member then has to pay a larger initial amount to replace the funds withdrawn. This is the method generally followed in housing co-operatives in Sweden. It obviously puts a heavy burden on a new member entering an older co-operative and injects the opportunity for private profit into the system. In some housing co-operatives there is legal provision which permits the board of directors to decide periodically the percentage of equity build-up a member may take on leaving.
- 4) The fourth alternative is to allow the market forces full sway, so that values of co-operative shares soar with the market, and then theoretically the sky is the limit if supply and demand so dictate. This also implies that the members of such an organization could sell out the whole project at any time if they saw the chance for an attractive capital gain, and then the co-operative might be liquidated.

It is clear that number 1 is the ultimate in co-operation and number 2 a modification of the same ideal, while number 3 is a departure from orthodox co-operative practice and number 4 is co-operative in name only. In actual practice number 3 is not very different from the condominium in Canada, and in chapter number 10 a comparison was made of condominium and co-operative.

The position taken here is this: if an organization is going to be called co-operative, it must come down squarely on the side of non-profit. Co-operators cannot run with the hare and hunt with the hounds. Furthermore, it is becoming increasingly obvious that a housing co-operative which allows for capital gains is creating confusion for members and difficulties for itself. Anyone who doubts this should ask himself what would happen if a consumers' co-op or marketing co-op or credit union tried to implement a similar system.

It should be mentioned that the Co-operative Housing Foundation at its last annual meeting adopted number 2 as official policy to recommend to groups organizing housing co-operatives in Canada.

CHAPTER 15

CO-OPERATIVE HOUSING FOR LOW-INCOME PEOPLE

Bad housing, run-down neighbourhoods, inferior services in support of housing and an ugly environment are the common lot of the poor in most parts of the world, and Canada has its own share of these conditions. The typical Canadian city has certain areas where substandard housing is the only shelter available for people whose low income puts them out of the market for new or better homes. In the smaller places where there is no public housing, the situation for poor people is often worse; and in the rural areas, where about 45 per cent of all low-income Canadians live, there is a great deal of substandard housing. In some communities the housing of native people, Indians and Metis, is perhaps as bad as can be found anywhere in the world. Poverty and bad housing usually, though not always, go together — for example, about half of all Canadians approach old age without sufficient income to put them above the poverty line, and so decent housing for senior citizens must continue to be a matter of special concern in housing legislation and public programs.

Housing and the Poor

Certain aspects of housing in Canada in relation to people of low income should be noted here:

- i) Low-income people have to pay a relatively higher portion of their income than others to obtain shelter. A person with an income of, say, \$12,000 a year may put about 25 per cent into housing, but a poor man may have to spend up to 50 per cent of his income for even substandard housing. (A book by David Caplovitz, well worth reading, has an ironic title: *The Poor Pay More.*)
- ii) A low-income person or family is always on a narrow margin between income and expenditure and cannot easily adjust to a change in cost or increase in price. Thus, a slight increase in mortgage rate is just an additional expense, irritating to be sure, to a person of means, but a disaster to one of low or moderate income. An increase of 1 per cent in mortgage rate adds about 10 per cent to the capital cost of housing — so, imagine what the jump from 6¼ per cent to 10¼ per cent between 1965 and 1970 did to the cost of housing for low-income borrowers.
- iii) In the cities, home ownership of new housing has become very difficult for people of modest incomes, to say nothing of those with low incomes, and in the large metropolitan centres it has become virtually impossible. It used to be assumed that subsidies and special assistance were needed for the lowest third of the population in income, but now in a city like Toronto they must be considered as applying to the lower half. Therefore, the various programs encouraging and assisting individual home ownership are practically inoperative and meaningless for low-income families in the larger centres of population.

iv) Our cultural traditions have tended to segregate the poor and congregate them in ghettos that make their poverty visible. Other forms of public assistance are generally hidden — one may not be aware that his neighbour is receiving unemployment insurance or medicare benefits, but usually public housing tenants are easy to identify because of where they live. Thus their very home becomes a badge of their poverty.

v) It is generally assumed that low-income people may not or cannot organize for themselves. Thus, limited dividend housing may be owned and operated by sponsors *for* people, but not *by* people on their own behalf. Until recently poor people often assumed that they were not permitted to organize, or that they were incapable of doing so, and social conventions encouraged this frame of mind. So, when tenants now organize to claim their rights or to improve their living conditions, landlords are often taken by surprise — such a reversal of roles is outside their experience.

These are all factors that enter into a consideration of the subject of co-operative housing for low-income people.

Co-operatives and the Poor

✓ It used to be assumed that co-operatives were solely or mainly for people of limited means, and indeed most co-operative ventures were started to benefit those on the lower rungs of the economic ladder. So it is easy to see why many people associate co-operative membership with those in greatest need. This still holds as a general principle, because those who join a co-operative are usually those who are seeking to improve their economic condition. Desjardins started the caisses populaires, not among those who were comfortable and contented, but among the needy who were looking for an alternative institution for savings and credit.

But in spite of this ideal, the fact is that co-operatives often tend to move upward on the income scale rather than downwards to serve the neediest. This, of course, is a general social phenomenon not peculiar just to co-operatives: certain social services, like old age security and unemployment insurance, are now carrying the burden of middle and upper-income people as well as low-income people for whom they were first intended. Moreover, the poor are not usually active “joiners” and after a while the co-operative begun for or by them becomes dominated by middle-class people. As a result the picture emerges of the co-operative as middle-class; and some co-operators go so far as to suggest that, in housing for example, low-income people should look to the state and public agencies rather than co-operatives. Thus, it is commonly believed that public housing exclusively should serve the needs of low-income families, while co-operative housing should be mainly for those above the public housing level.

This is an erroneous view though it is pretty firmly rooted. In essence, co-operatives are not for the poor alone, nor for the middle-class. They are, or should be, for all classes or income levels — essentially for those who prefer co-operative methods and ways of doing things, including getting decent housing.

Public Housing

Public housing is relatively new in Canada, still new enough to be steered in a different direction where necessary or modified to harmonize better with general social and cultural aims. The need for public or government intervention in housing is universally accepted — there are those who simply cannot “go it alone” to secure housing in the market. But how is government assistance or subsidy to be given, and to whom?

The most obvious criticisms and shortcomings of present public housing are obvious and quite widely recognized. It congregates low-income people together and thus indirectly intensifies the problems of poverty. Public housing cannot be everywhere, while low-income people are, and so it is available only to those living where it is located. The major centres in Canada and one province especially have public housing; the poor in hundreds of other places can never benefit from it. And finally, it is frequently criticized by Canadians because it does not generate pride of ownership and thus is sometimes abused by those for whom it is home. Some critics, of course, are constantly pointing to its mounting cost, but every necessary public service must carry a price tag.

The answer to all this is not to abandon public assistance, but rather to seek alternative ways for channelling it to people in need, for example by scattering various forms of public housing throughout the population and making subsidy invisible. In Sweden, a prosperous and progressive nation, over 40 per cent of all families receive some form of housing grant or rent supplement from the public purse.

What of Home Ownership?

Then, there are those who argue that the answer lies in home ownership for everybody, including those of low income. And so, we have various schemes for making even poor people owners of their homes. This is fine and it works well for many people, including those who get individual homes in building co-operatives, or in the new program of shell housing, especially in the Maritimes. But these at best, admirable for many individuals and certain groups, are only fringe programs — they are not likely to proceed in a massive way to produce housing for great numbers of people in need.

Furthermore, home ownership is often a mixed blessing. It tends to push many in debt over their heads; or it may put too high a percentage of family income into shelter, to the neglect of other necessities of life; or it may reduce the mobility of the working man who has to move frequently; or it may increase the cost of travel to and from work; and it always involves unpredictable expenses that may be a crushing burden for low-income families.

· This is not to condemn conventional home ownership as such. It is a wonderful thing for those who desire it and who are in a position to have it, even with public assistance. But it is not necessarily the best solution for all, except in the smaller places, and it is expensive for low-income people.

What is the Answer?

Then, what is the answer for housing of low-income Canadians, keeping in mind the areas of large concentrations of population, where the need will be greatest? This chapter offers a few straightforward proposals:

I. The average individual, and certainly one of low or moderate income, is stronger as a member of a group than alone. Low-income people need the protection of group organization in the housing market, whether as purchasers or tenants. People generally can benefit from co-operative methods and action in obtaining housing as they have in other fields.

II. Since individual home ownership is burdensome and is becoming more and more difficult especially in centres of large population, low-income people will be generally best served when there is an adequate supply of good quality rental accommodation. For many, an ideal form of such accommodation is in housing co-operatives where they will have tenure in housing of which they are joint owners — where they will, in effect, be renting from themselves.

III. Housing should be planned and financed in such a way as not to concentrate large numbers of low-income or poor families in one area, one location or one project. Co-operative housing members should be of a broad income mix rather than of low income. The membership of a co-operative project should be on the basis of social compatibility rather than income.

IV. From the viewpoint of co-operatives, the most desirable system for assisting or subsidizing low-income people would be through direct grants or rent supplements, thus giving the subsidy to people rather than attaching it to the building in which they live.

CHAPTER 16

ASHWORTH SQUARE

The first chapters of this book dealt mainly with theory, principles and general questions. This and following chapters will describe a number of housing co-operatives in Canada, that is, continuing co-operatives for multiple housing, as distinct from building or construction co-operatives for individual homeownership. The latter, depending on a certain amount of "sweat equity" to secure separate homes in a small group, are well known in some parts, particularly Nova Scotia, where there are several hundred. The other, the housing co-operatives, are few in number and are located mostly in the larger cities. They are modelled, with some adaptations, on Willow Park Housing Co-operative, built in Winnipeg about ten years ago.

The first in the series will be Ashworth Square, located in Mississauga, west of Toronto, a few miles from Malton International Airport. This project was built to provide housing for low and middle-income people in a place where soaring costs reflect one of the most rapidly growing metropolitan areas of North America, where only upper-income persons can now afford to purchase a new house.

The Name

Ashworth Square gets its name from the early history of the co-operative movement in Britain. There were three Ashworths among the founders of the pioneer consumers' co-operative which began business in Rochdale, England in 1844. The most famous of them was Samuel Ashworth, the youngest of the founders, who became manager and filled that position for over twenty years.

It is worth noting here that though the Rochdale Pioneers first opened a small shop handling a few simple food items, they, like many co-operators of the nineteenth century, dreamed of eventually founding a self-supporting community where they would apply the idea of Co-operation in the widest possible sense to secure their livelihood.

The Organization

In the language of co-operative housing, Ashworth Square Co-operative is a "daughter society", organized by a "mother society", Co-op Habitat Association of Toronto. The mother organization is made up of citizens interested in community welfare in general and co-operative housing in particular, and in this case emerged from various groups formed in Toronto from about 1967.

A housing co-operative like Ashworth Square takes at least two years to carry from start to finish and, therefore, needs a sponsoring body to take full responsibility, including assistance in organizing the daughter society that will take over the project on completion. Co-op Habitat is the co-operative developer; Ashworth Square, the residents' co-operative that will own the housing.

Co-op Habitat represents what is called the "Third Force" in housing: individuals and groups interested in sponsoring various forms of social and non-profit housing, alongside the conventional forces of entrepreneurial business and government. In Ashworth Square an important partner in the Third Force was the United Church of Canada. The project was undertaken under the special "\$200 Million Program" funded by the Federal Government in 1970 to encourage innovative forms of housing for low-income people.

The Project

Ashworth Square, almost completed and fully occupied at time of writing, is a combination of highrise (11 storeys) and row housing standing on about 2½ acres, with 153 units in all, including 1, 2, 3 and 4-bedroom accommodation in ten different arrangements. The highrise, with 1 and 2-bedroom units, is intended for single persons, young couples or older people; the row housing, with 3 and 4 bedrooms, for families with children. All highrise units have spacious balconies, 8 x 20, and the other units above ground level have smaller balconies. All have wall-to-wall broadloom throughout and are equipped with stove and refrigerator.

A feature of the project is the amount of space set aside for community and recreational purposes: about 7,500 square feet, the equivalent of six 3-bedroom bungalows, with a large area designed for a Day Care Centre and several rooms to be used for games, hobbies, meetings and various group activities. There is underground parking with 131 spaces and surface parking with 60 places, providing 125 per cent parking in all.

The Members

Ashworth Square will be owned co-operatively by those who live there. All residents must be members. Thus, the owners will be the tenants, and the tenants will be landlord through the co-operative. There is an agreement between each member and the co-operative setting forth conditions for occupancy. For example, a member is required to give 90 days notice when he wishes to leave. There are also rules and conditions agreed to by the mortgagee (Central Mortgage and Housing Corporation) to ensure that the nature and purpose of Ashworth Square as a low and middle-income project will be maintained.

The members are the owners of the project but their ownership is collective, not individual. A member cannot sell his unit, nor can he sublet it without permission, and then only for a short while. Herein is the essential difference between a co-operative and a condominium. A member may apply to move from one unit to another, larger or smaller, to suit the size of family. The membership co-operative owns the housing; each member uses the unit occupied. The whole purpose is to provide good housing and a wholesome community environment, with no element of private profit or capital gain.

In many respects Ashworth Square is like any other co-operative: a board of directors elected by the members, officers like president, vice-president, etc., who are members chosen by the membership, committees with specific duties, control and responsibility resting ultimately with the whole membership, democratic voting, management as determined by the board of directors, and auditors and a financial statement for the members. When a member leaves, a new one is selected by the board of directors from a list of applicants waiting to be admitted.

The Financing

Ashworth Square as it presently stands on completion cost almost \$2,780,000, an average of \$18,000 per unit, including land, underground parking and space reserved for community activities. The land alone cost \$394,065 to acquire, or over \$2,500 per unit. The financing of this is provided entirely by borrowed funds. The long-term mortgage loan (40 years) covering 95 per cent of the appraised value, was obtained from Central Mortgage and Housing Corporation at the special, below-market rate of 7 7/8 per cent. Each member makes a loan covering the remaining 5 per cent of the unit occupied (varying from \$690 for the smallest unit to \$1,085 for the largest) and this amount, called the "member loan", is refunded if and when he leaves the co-operative. Monthly charges paid by members, according to the size of unit and the income of the member (as explained below), cover principal, interest, taxes, maintenance and all services normally provided in rental housing; parking (\$10 monthly underground and \$2 for surface space), telephone and laundry services are a separate and personal expense.

The "seed money" needed to finance Co-op Habitat through the development and construction period came from an interest-free loan of \$100,000 from the United Church, made available for the purpose of helping to initiate a project planned and designed to meet a great and obvious need. Additional "seed money" was obtained from the contractor and required because the first project undertaken was 50 per cent larger than planned.

The Housing Costs

Members of Ashworth Square pay monthly charges sufficient to retire the mortgage and cover all operating and maintenance costs, including taxes. As expected, these vary according to the size of unit. The lowest monthly charge for a 1-bedroom unit is \$128.50, for a 2-bedroom \$159.75, for a 3-bedroom \$181.00, and for a 4-bedroom \$207.00.

The innovative feature of the project is a system of surcharges by which families with higher incomes pay higher monthly charges to ease the cost for those with lower incomes. This generates a modest internal subsidy to assist families with incomes below the schedule. For example, in the smallest 3-bedroom unit the charges run as follows:

Income Range	Monthly Charge
\$ 7,200 — 9,400	\$181.00
\$ 9,400 — 10,100	\$188.50
\$10,000 & over	\$196.00

Admission of new members is carried out so as to maintain an income profile for the whole project as close as possible to: 10 per cent subsidized, 20 per cent surcharged and 70 per cent at schedule rates. The surcharge comes into play when a member would be paying less than 21.7 per cent of income for accommodation. The general target is to provide for those with income in the \$5,000 to \$9,000 range, but one whose income goes over this figure may remain by paying the surcharge.

Monthly rates cannot be raised except to cover taxes and approved operating costs. Thus a co-operative project of this type is, in effect, a voluntary form of rent control. There is no interest on the member loan paid on entry since payment of interest would simply mean higher monthly charges.

The Advantage and Benefits

- * A member of Ashworth Square has the advantages of ownership without the cost and burden of an individual mortgage.
- * He enjoys the advantages that may attach to rental housing, but with the additional advantages of long-term security of tenure and the benefits that derive from being an owner.
- * He may enter or leave the co-operative without the sales and legal costs usually associated with transfers of private property.
- * He may move from one size of unit to another within the co-operative without the costs involved in condominium ownership.
- * The members are paying only for the use of housing and not for the profits or capital gain of a landlord. A housing co-operative tends to take the effect of inflation out of the capital cost of housing.
- * Ashworth Square offers the opportunity to create a social environment and a community of interest which is usually more difficult to achieve in a neighbourhood of separate houses, in rental or public housing, or in a condominium.

The Problems

This summary is not offered as a "success story", since Ashworth Square is too new to be judged a success. What it becomes and how well it fulfils its purpose will finally depend on the people who live there. There will, of course, be problems to solve. Much will depend on the calibre of leadership which emerges through the board of directors and the various committees — there are presently seven committees for such things as Day Care Centre, social activities, grievances, etc.

The matter of how to give women a full voice in the affairs of the project has already come up — co-operative practice says "one member, one vote" and some members have suggested that this principle of democratic control be implemented fully by giving two votes to each unit so that husband and wife will each have one. There is also the question of keeping pets in the project — a difficult problem in all apartments and other forms of multiple housing. This too the members must decide, for they have no landlord but themselves to make the decision.

Ashworth Square is an example of the co-operative way to help solve the housing problem of that large sector of the population earning between \$5,000 and \$10,000 in the bigger urban centres and metropolitan areas of Canada. It is a new alternative to homeownership in places where land and housing costs have skyrocketed in recent years, and to rental housing where the market caters largely to upper-income people.

But this new form of housing — new in Canada, but not in many other countries — needs a much stronger Third Force to provide an efficient and continuing "delivery system" to put such projects in place. Ashworth Square owes its existence in the first place to the National Labour-Co-operative Committee, sponsored by the Canadian Labour Congress and the Co-operative Union of Canada, which did a great deal to promote and encourage co-operative housing from the early sixties onwards; to the citizens with the proper mixture of concern and knowhow who formed Co-op Habitat Association of Toronto as a mother society; to the United Church for its help by deed rather than by word alone; and to Central Mortgage and Housing Corporation for its support through long-term financing on favourable terms.

If this project lives up to expectations, there is no reason why the pattern cannot be repeated a thousand times over, with appropriate variations from place to place, in both small and large cities in all provinces across the land.

CHAPTER 17

WILLOW PARK

Near the end of December the residents of a housing project in Winnipeg received a notice that would certainly be unusual for people leasing accommodation in a big city these days. It read: "...at its last meeting ... the Board of Directors voted that there would be no increase in monthly housing charges as at January 1st, 1973 ... our cash flow position indicates that present housing charges are sufficient to cover expenditures ..."

So, while many thousands of families in Canada are bracing themselves for rent increases — some pretty steep, and which most tenants are able to do little about — this particular group of households, 268 in number, remain in secure occupancy of their homes without the threat of arbitrary increase of monthly charges hanging over their heads.

The reason they enjoy this security is that they own the whole housing project themselves, for they are members of the Willow Park Housing Co-operative; and since present revenue from monthly charges is meeting expenses, as the notice explains, they see no need to charge themselves more. Of course, if operating expenses, mainly taxes, should go up in the future, then the monthly charges must be increased too — and the notice further on reminds the members of this.

Freezing the Capital Cost of Housing

The main point to emphasize here is that one advantage, in fact, one of the main advantages of a housing co-operative like Willow Park, is that it stabilizes the capital cost of housing for the members; or to put it another way, it takes any further effects of inflation out of the basic capital cost. As long as Willow Park stands, it will be capitalized at what it cost to build and maintain in good repair.

Furthermore, it aims to remove future profit-taking from the cost of shelter. Other housing, owned privately or by investors, floats upward with the market, and ordinarily is charged to the consumer according to the simple rule: what the traffic will bear. But a "par value" co-operative is essentially non-profit, and monthly charges reflect the actual cost of providing the housing. Thus the members pay only for the use of housing, not for somebody's investment and capital gain.

So, while people debate the pros and cons of rent control and one provincial government has now moved to impose such control, a housing co-operative operating like Willow Park is its own system of rent control — voluntary rent control. We can well imagine what the general level of housing costs would be if there were several thousand co-operative projects across Canada similar to this one.

At the present time, various estimates of savings for Willow Park members are given, for example, \$20 monthly on a one-bedroom unit to \$50 monthly on a four-bedroom unit, by comparison with similar accommodation in Winnipeg. The biggest item of expense, next to mortgage interest, is property taxes, which increased from \$50,049 in 1967 to \$70,572 in 1971, accounting for 21 per cent of total expense.

But while the savings in monthly charges are substantial, and probably the main consideration for most families, they are certainly not the only advantage or benefit the members find in this form of housing.

History

Willow Park Housing Co-operative was the first of its kind in Canada: a continuing co-operative for joint ownership of multiple housing and a community environment by a comparatively large number of families (200 at the start) with a broad mix of incomes. The sod-turning ceremony was held on September 19, 1964 and it took about two years to complete and be fully occupied. It is of "townhouse" design with 40 one-bedroom, 42 two-bedroom, 101 three-bedroom and 17 four-bedroom units in the first phase.

It stands on land leased from the City of Winnipeg for 60 years, at a rental of \$50,000 paid in advance. It was financed by a direct loan of \$2.3 million at 6¼ per cent from Central Mortgage and Housing Corporation, to be amortized over 30 years. The rate of 6¼ per cent sounds like a very special rate today, but it was the regular National Housing Act rate at that time.

Supplementary financing by the Co-operative Credit Society of Manitoba was also important in getting the project started, and certain co-operative organizations, especially Federated Co-operatives Limited, made substantial deposits in CCSM to support the undertaking. Various other organizations, working with Co-operative Housing Association of Manitoba (CHAM), gave encouragement and support. So, this pioneering venture in a new form of housing was broadly co-operative, though it owed its existence finally to the courage and persistence of a few leaders in Winnipeg.

The original project was enlarged in 1971 by the addition of 68 units constructed under the \$200 million program for innovative housing, and presently a third phase which includes a large community service centre and 52 units of senior citizens housing is now completed. Thus Willow Park today is not just so many units of housing, but rather a distinctive community of Winnipeg based on co-operative ownership and consumer control by the people living there.

While Willow Park today seems to be on a firm foundation and running smoothly enough, it was not always so. Like a new car it needed a break-in period. There were moments of doubt and occasions for hard decisions. But that is of the very nature of a democratic undertaking, and common enough too in other housing projects.

The Mother Society

The way Willow Park came into existence shows the need for some group or organization to take the initiative for putting a housing co-operative in place. Other co-operatives are usually started by those who need the service to be provided and will themselves become members. But not a housing co-operative — it is a very different kind of co-operative, needing a sponsoring body to take responsibility over a long period, generally two or more years, of planning, organizing and construction. Such a body is called a "mother society" in the language of co-operative housing — in this case the Co-operative Housing Association of Manitoba.

Few, if any, of the people living in Willow Park were actually among the original sponsors. But in this respect a housing co-operative is no different from an apartment project or condominium built on the initiative of a developer. The great difference however is that the co-operative mother society is committed to co-operative and non-profit concepts in housing and derives its strength and support from organizations and groups interested in this kind of housing.

The objective in Canada is to have a number of well organized mother societies across the country to provide the delivery system for co-operative projects of various kinds. Such societies are presently operating in three provinces and it is expected that in time all regions will be so covered. A national body, the Co-operative Housing Foundation, is carrying out an overall function for the promotion of the co-operative idea in housing.

Land

The greatest problem encountered by the Co-operative Housing Association of Manitoba in the realization of Willow Park was getting land. City officials were not as helpful as they could have been, and after long delays the co-op had to accept land which, at the time, was not entirely satisfactory. The location was not ideal and this was one reason why the project was slow in filling for the first year. But that is all past now. The area is becoming a well-developed suburb and Willow Park is helping to create a new community where formerly stretched the bald prairie.

The question is asked: what will happen at the end of 60 years when the present land lease expires? If Willow Park is well maintained, no doubt municipal officials will be happy to extend the arrangements. In any case the co-operative will have been responsible for building a distinct community through the efforts of the citizens themselves. And even if the land will someday revert to the municipality, the transfer will take place without any ripoff from the public purse. In short, the very existence of Willow Park assures that in the next generation it will be easier rather than harder for people in need to get housing.

The Members

Who lives in Willow Park? What kind of community is it? The easiest answer to give is that the membership is a good cross-section of Canadians in the large sector between the poor and well-to-do. It is not correct to say it is middle-class, in the usual sense of that term. It is a broadly-mixed community, both in occupations and incomes.

Among the first residents were a nurse, taxidriver, skilled tradesman, accountant, railway baggageman, retired bank manager, bus driver . . . among the residents now are policemen, auto parts supervisor, salesmen, secretaries, financial advisor, members of the armed forces, carpenter, retired couples, and so forth. Here is a reflection of a large segment of the population of metropolitan Winnipeg.

If it is asked why very low-income families are not included, the answer is that there was no provision for this under The National Housing Act in 1965. There is today, with preferential interest rates for co-operatives with a broad mix of incomes. Furthermore, arrangements have been made with some provincial governments for low-income families eligible for public housing to join co-operatives and get the equivalent benefits.

Does Willow Park have a waiting list? is frequently asked. There is no formal waiting list, but there is a steady flow of enquiries from potential members, and vacancies are not a problem today — as soon as a member leaves, his place is quickly taken by an applicant wishing that particular size of unit.

Who Likes It?

Willow Park seems to appeal to young couples, including those who are planning to buy their own homes some day and know that their capital in the co-op will be ready savings for them*; to retired people, who no longer wish to have the burden of homeownership but don't want to face arbitrary rent escalation for the rest of their lives; to people whose type of work requires that they be fairly mobile, moving every few years because of their jobs; and to people in the broad income range of \$5,000 to \$15,000 who are ordinarily in the market for rental housing but prefer not to be in a landlord-tenant situation.

The final test is whether the members are satisfied and happy with it. Every survey shows that they generally are, and one taken in 1972 showed that almost half the original members were still there.

Within Willow Park there is also considerable shifting from one unit to another as family size and needs change, and this is an additional advantage in a housing co-operative: such a move can be made without new legal and sales costs — it is carried out by arrangements with the board and management.

All this is not to suggest that Willow Park is perfect and without problems. The members themselves would be the first to say that there are things still to be done, difficulties to face and differences of opinion to be argued over and resolved. But these members will tell you they are happy that the decisions and solutions are now largely in their own hands.

CHAPTER 18

DE COSMOS VILLAGE

For the third example in this series of projects, we go to the West Coast, to the Champlain Heights area of Vancouver, Canada's third city in population, and to De Cosmos Village, a housing co-operative completed in 1972. A community of 110 families, this co-operative obviously has a lot going for it, and during its first year of existence it has achieved a number of things that make it somewhat of a model.

The annual meeting held on April 7 reflected certain ideals which are inherent in the concept of a housing co-operative. It was attended by 70 of the 110 members (participatory democracy); the names of 14 members were voted on for election to the 7-man board of directors (control by member-residents); and finding they had a tidy surplus on the financial statement, they voted to lower the monthly charges by \$5.00 a unit (a non-profit organization providing housing at cost). So, beginning June 1 the members will be paying monthly charges slightly less than the figures projected two years ago when the co-operative was being planned.

* The contribution to capital required from each member depends on the size of unit: 1BR — \$600, 2BR — \$750, 3BR — \$850, and 4BR — \$950; and this amount is returned to the member on leaving.

The Physical Project

De Cosmos Village is set in a beautiful wooded area with great possibilities for creating an attractive environment. The natural growth was preserved as far as possible during construction, so that the housing seems to have grown up with the trees. A visitor seeing it for the first time gets the impression of natural colouring in cedar shades through a pleasing use of wood.

It is townhouse design, with split-level units of 2, 3 and 4 bedrooms, in groupings of various sizes. The density on about seven acres is 15 units per acre. The bedroom count and size of unit are as follows:

Bedrooms	Number	Size
2	30	900 sq. ft.
3	75	1,044 sq. ft.
4	5	1,200 sq. ft.

Each unit has a carport, wall-to-wall carpeting, basement designed to make finishing a rec-room easy, second set of plumbing roughed in, and patio door opening onto 300 sq. ft. of private garden area. There is a half acre of play area for children. In addition to carports for all units, there are 58 parking areas for guests.

The Name

This co-operative community is named in honour of a Premier who was a glamorous and controversial figure in the history of British Columbia. He was born plain William Alexander Smith in Nova Scotia in 1825, but by the time he reached California he had dreams of destiny and changed his name to Amor de Cosmos (Lover of the Universe). Drawn north from California by another gold rush, he settled as a journalist in Victoria and founded the Victoria Colonist in 1858. He was one of the men mainly responsible for bringing B.C. into Confederation and in 1872 became the second Premier of the province.

A brief sketch of him distributed by the co-operative says: "He was a man who strongly believed in personal freedom in an age of authority; a man who dressed flamboyantly in an age of sombre styles. Perhaps he was too radical for his time but he was a man of vision and ability and we believe that his importance as a great British Columbian should be remembered. For these reasons we have chosen to name our co-operative De Cosmos Village."

Getting Started

The idea of co-operative housing is fine in theory but it needs a strong group of leaders with talents and knowhow as well as ideals to make it a reality and a success. Other kinds of housing are produced by private industry and public housing by public authorities, but non-profit and co-operative housing must have a different kind of push behind it, what is known as "The Third Force" in housing.

In Vancouver the local group that mobilized the Third Force for De Cosmos Village formed under an earlier attempt in B.C. to develop a province-wide organization for co-operative housing, but this organization unfortunately failed. But in spite of this setback, the Vancouver group salvaged what they could and went forward with their plans in 1969. Much of the leadership came from citizens' groups.

Encouragement and financial assistance came from two sources: the United Church of Canada and labour unions. The United Church, the B.C. Federation of Labour and the United Brotherhood of Carpenters and Joiners, Local 452, each provided \$5,000 in interest-free loans, repayable within three years from start of construction. The United Church in addition made \$95,000 available at 6 per cent for two years for interim financing. United Co-operative Housing Society was the "mother society" formed to act as co-operative developer of the project.

To put a housing project in place requires the convergence of many government departments, various services and agencies, financial institutions and professional skills. Land from the City of Vancouver; a loan commitment from Central Mortgage and Housing Corporation under the "\$200 million program"; collaboration of the Government of B.C.; plans and designs by a firm of architects; a construction contract with a general contractor; necessary arrangements with financial institutions; and all the while a group of citizens meeting, discussing, sometimes arguing, and planning their needs as consumers and hopeful residents of the community-to-be. The convergence of so many streams is no quiet millpond and can

sometimes be a turbulent affair. United Co-operative Housing Society, under capable management, steered the project through difficulties, both the inevitable and unexpected, to completion. In due course, the members of the daughter society, De Cosmos Village, took over occupancy and control.

The Financing

(a) **Total cost.** The total cost of De Cosmos Village, without land, was \$1,910,000 (round figures). This is an average cost per unit of \$17,300.

(b) **The land.** The seven acres of land leased from the City was valued at \$55,000 per acre. Ground rent payable to the City was set at 8 per cent of 80 per cent of market value, so the co-operative pays \$3,520 annually for the use of the land. At the end of 50 years the land reverts to the City – so taxpayers of Vancouver in the next generation will not have to pay an inflated price to get their land back. Of course, it can be decided in 50 years to extend the lease.

(c) **The mortgage.** The mortgage financing was provided by Central Mortgage and Housing Corporation: \$1,825,000 at 7½ per cent for a period of 40 years. The interest rate may be adjusted every five years in accordance with the income-mix of the residents.

(d) **Members' capital.** The initial capital required from each member was based on the size of unit, as follows:

2BR – \$1,600; 3BR – \$1,700; 4BR – \$1,800.

This amount is repaid if and when a member leaves the co-operative.

In B.C., members of co-operatives are eligible for the provincial homeowner acquisition grant of \$1,000 for new construction (\$500 for existing housing).

(e) **Monthly charges.** The monthly charges were set at these figures:

2BR – \$152*; 3BR – \$164*; 4BR – \$176* (without utilities)

The breakdown of monthly charges for the 3-bedroom unit is as follows:

Mortgage	105.33	
Ground rent	19.28	
Taxes	10.84	
Insurance	2.35	
Water rates	1.82	
Garbage disposal	2.00	
Cablevision	1.75	
Management fee (by Co-op Trust Company)	4.00	
Grounds maintenance	6.50	
Contingency and reserve	10.13	<u>\$164.00</u>

(f) **Surcharges and subsidies.** The figure for monthly charges apply only within a certain income range; for families above the range a surcharge is added, for those below, an internal subsidy system is maintained by the co-operative. It is not complicated and is easy to operate. This is the formula:

Unit	Income Range	Surcharges	
2BR	\$6,000–9,000	\$ 9,000–10,000	\$ 5.00
		10,000–11,000	10.00
		11,000 +	16.00
3BR	\$6,400–9,000	\$ 9,000–10,000	\$ 5.00
		10,000–11,000	11.00
		11,000 +	17.00
4BR	\$7,000–9,000	\$ 9,000–10,000	\$ 6.00
		10,000–11,000	12.00
		11,000 +	18.00

Thus the maximum surcharge anyone pays is \$18.00. It is based on what would be payable if the mortgage were at the regular Central Mortgage and Housing Corporation rate of 8½ per cent. The internal subsidies are administered by the board of directors according to individual need. The maximum subsidy is \$34.50 per family, so it requires two members paying surcharge to balance one person getting a subsidy.

* Reduced by \$5.00 as of June 1, 1973

The Members

Membership formation in this co-operative started early, before ground was broken and too many firm decisions made. The members-to-be therefore felt they had a hand and a voice in creating the kind of neighbourhood they wanted and could afford. As one member was overheard saying: "We feel this village is ours." When the units were nearing completion, there was a sufficient number of members to fill them. There is now a waiting list for membership, and some on this list may well be the nucleus for the next co-operative project in Vancouver.

De Cosmos Village is essentially a community of mixed incomes, and this is good for Canadian society. Though it includes families of low income, the co-operative is certainly not a project that can be identified as housing for the poor. Incomes are said to be from \$4,700 to about \$13,000. The internal subsidy helps to accommodate a fairly broad income-range, and since it is controlled internally the system can be flexible. In one case the monthly charge was dropped from \$181 to \$131 when a family's circumstances and ability to pay changed, and this was carried out quickly without bureaucratic red-tape.

De Cosmos has also become the first housing co-operative in Canada to provide for families from public housing lists to be in membership. At the request of the Government of B.C. and the City and in collaboration with federal authorities, ten families who were eligible for public housing were admitted to membership. Regular public subsidies on the basis of 75 per cent federal, 12½ per cent provincial and 12½ per cent municipal are applied to close the gap between family income allotted to housing and the monthly charges quoted above. In the co-operative the families receiving public subsidies are indistinguishable from the other members. The provincial homeowner grants apply as well to those receiving public subsidies.

An Assessment

Besides being a project in which people can get good quality and attractive housing at a reasonable price, De Cosmos Village is something more: a community of people striving to create a wholesome and happy neighbourhood. The members realize that from this point on they are largely on their own. The co-operative is entirely autonomous, and full responsibility rests on the members themselves. Collectively they are their own landlords, individually they have the duties as well as the rights that attach to co-operative membership. There will be problems to work out and difficulties to overcome, not with the usual polarity between landlord and tenants, but through discussion and decision-making the co-operative way.

The members realize that, though the main construction job is finished, there is building of another kind to be done, building that will really never end. They are going ahead with plans for a "creative playground". There is the possibility of a food co-op. The young people already have a recreation and athletic program and arrangements for use of a gymnasium nearby. This sort of thing can go on and on, limited only by the imagination of the people themselves.

In a study of 19 different multi-family projects recently surveyed in Vancouver (see the *Vancouver Province*, March 21, 1973), this co-operative was judged to be the most successful from the viewpoint of general satisfaction on the part of the residents. The study covered 5 condominiums, 7 limited dividend projects, 2 private rentals, 3 public housing, one non-profit project and one co-op (De Cosmos). In the opinion of the consumers, the co-op came out on top.

Conclusion

De Cosmos Village is not homeownership in the strict sense — it doesn't claim to be, for there is no opportunity for the personal profit which one normally expects from homeownership. It can best be understood and explained as a better alternative than renting. About 60 per cent of Canadians live in housing which they own, 40 per cent in housing which they do not own. (In B.C. the respective figures are about 63 per cent and 37 per cent.) A housing co-operative may be the answer for those who cannot afford to own a home or prefer not to own one, but who do not want to live in accommodation where they have no proprietary rights. Moreover, for a young couple planning to buy a home of their own some day, the co-op is a good place to be, for as the president recently explained to a newspaper reporter: "You can save money living here."

Since the completion of De Cosmos Village, the mother society has taken the name "United Housing Foundation" and, working closely with both public bodies and voluntary organizations in the province, especially the B.C. Central Credit Union, it is going on to assist people to reproduce this pattern, hopefully many times over.

CHAPTER 19

CO-OPERATIVE HOUSING IN ABBOTSFORD, B.C.

Each co-operative housing project has something different and even unique about it — no two projects in Canada are exactly alike. In Abbotsford the two features that stand out are sponsorship by the local credit union, and the special attention given to senior citizens.

The Credit Union

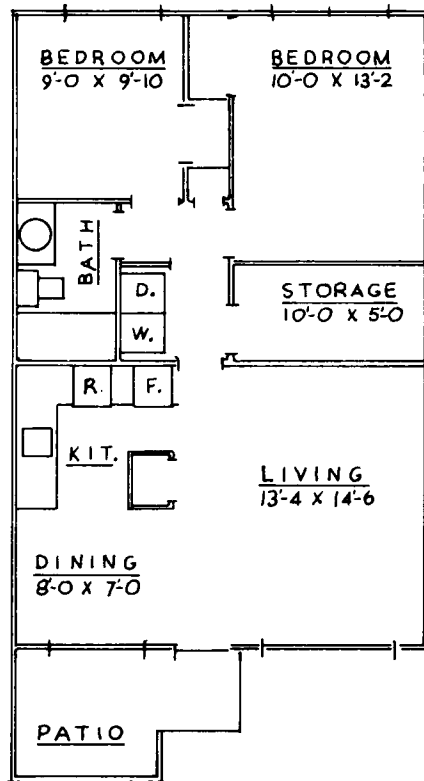
The directors of the Abbotsford Credit Union began to discuss the sponsorship of a housing co-operative in 1968. At the annual meeting early in 1969, the membership voted to allocate \$2,000 of the credit union's surplus earnings toward the sponsorship of the housing co-operative. The Abbotsford Co-operative Housing Association was formed, most of the directors being also directors of the credit union.

The housing co-operative began negotiations with Western Co-operative Housing Society, a provincial "mother society" set up in 1967, which was to do the designing, cost estimating, construction and provide (or obtain) interim financing. When Western Co-operative Housing Society got into difficulty which eventually led to bankruptcy, the directors of Abbotsford Co-operative Housing Association decided to act as their own developer, with the credit union providing the interim financing.

The credit union thus did three things that started Abbotsford off to what is now one of the most interesting co-operative housing projects in the country: 1) First, it provided the leadership needed for the community to move into a successful co-operative housing program. 2) It provided interim financing. 3) It purchased land that provided a small land bank for future building.*

Housing for Senior Citizens

But Abbotsford would have nothing more than a well-built co-operative project of 30 townhouses if the association had not proceeded with Phase II: 24 units of excellent housing specially designed for senior citizens.



Senior Citizens Units — Abbotsford Co-operative

It came about in this way. A number of senior citizens approached the co-operative, saying they needed housing and would like to join too. So the officers of the co-operative asked them to help in the design and lay-out of the units, and together they came up with something quite unusual in housing for senior citizens in Canada: units with two bedrooms instead of one. The older people said they wanted a second bedroom if relatives and friends came to visit or when one was sick, and in any case the second bedroom could be used for a T.V. and music room, or reading room, or sewing room, etc.

The units in Phase II are about 750 sq. ft., compared to the customary size of about 560 sq. ft. for senior citizens. A patio door on the larger bedroom opens onto the lawns. Other features: carpeting throughout, electric heating, special fittings (e.g. heat lamp) in bathroom, space for washer and dryer, storage room, garden area, cablevision (two outlets per unit), private patio, twice-weekly garbage pickup, recreation facilities, maintenance provided by association.

The senior citizens are not living in housing where they have no proprietary rights; they are joint owners with co-operative tenure the same as other members. They vote, take part in making decisions, accept responsibility, are eligible for office and are subject only to rules adopted by the membership as in any co-operative. Here senior citizens enjoy three clear advantages: housing in which they can have the satisfactions of ownership, living in a co-operative community, and the environment of a scenic and pleasant countryside.

* The Abbotsford Credit Union has since joined with three others to become the Fraser Valley Savings Credit Union, with assets presently about \$30 million.

The Third Stage

In one of his poems (Song of the Open Road), Walt Whitman tells us how every success inevitably leads to another struggle to push on to the next endeavour. In Abbotsford the quick acceptance and success of Phase II pushed the co-operative to go ahead with Phase III: another group of units for senior citizens and a community centre to serve the whole project. At the time of writing this is under construction and is expected to be completed in September 1973. There is one change in this phase: along with 24 units similar to those in Phase II, there will be 6 one-bedroom units of about 580 sq. ft. but of similar design.

Community Centre

One of the underlying ideas behind a housing co-operative is that it aims to create a community as well as provide a number of housing units; it is people, families, individuals, plus suitable shelter. So, in planning the development at Abbotsford, the members soon thought of facilities that serve the whole group for recreation, leisure and community affairs. The result is the new community centre, about 5,000 sq. ft. of area on two floors.

It is designed to accommodate about 200 people in meetings and recreation and will have a central recreation hall, hobby rooms, games rooms, library and reading room, sauna bath, and rooms for various community services, including commissary, hairdresser, laundromat, kitchen facilities, and an office for the association. It is estimated that the cost per member will be about \$6.25 per month.

When Phase III is completed, Co-op Villa, as the whole project is called, will take on the characteristics of a distinctive neighbourhood in the town of Abbotsford, a co-operative village within the larger urban setting.

How Is It Financed?

The first phase of Co-op Villa was built in 1969, when there was no special provision in The National Housing Act for financing housing co-operatives, apart from the regular homeowner's loan for 95 per cent of value at the current NHA rate, which was then 9 per cent. So membership had to be limited to those who could meet the monthly payments, which are as follows (average figures since units are not all alike):

	2BR	3BR	4BR
Mortgages (25 years)	\$110	\$130	\$137
Taxes, Utilities, etc.	<u>50</u>	<u>56</u>	<u>67</u>
	\$160	\$186	\$204

The first line of figures is constant for the mortgage period, and thus the members have frozen this portion of their housing costs. The second, which includes all other ordinary housing costs except telephone, may rise as taxes and other items increase.

Taking one particular unit (2BR), a member in 1969 was paying \$159 monthly (\$116.25 against mortgage + \$42.75 for other charges). Now the monthly payment is \$163.50, a slight increase between 1969 and 1973 when housing costs have been soaring.

Financing for the second phase was slightly different, since The National Housing Act loan is at 7¼ per cent as long as there is an upper limit (\$6,000) on the senior citizen's annual income. Each senior citizen pays \$1,000 in shares on entering and, as in Phase I, this amount is repaid when he or she leaves the association. Monthly charges in Phase II amount to \$106.50, and this includes all normal costs except electric bill, telephone and cablevision.

The association stresses the fact that the aim is to provide "housing at cost" to the members. The senior citizen units in Phase II cost about \$12,500 each, including land — no provincial government grant. It is expected that the unit cost for Phase III will be slightly more, but the mortgage rate is at 7½ per cent.

When the association was being formed, there was some debate among members over the principle of "par value" but this was finally decided in favour of a strictly non-profit co-operative and this is how it is being operated. In short, members pay for the use of housing and most services that go with it, and their contributions to capital are repaid in equivalent dollars when they choose to or have to leave. As a group they are as homeowners with long-term security of tenure; individually, they are in a leasehold position, but free from the insecurity in which many renters find themselves, especially in these days of rising rental rates.

The Next Step?

It is likely the members will be considering what is the next step when Phase III is completed within a few weeks. President Harvey Ellis, one of the originals in Phase I, says that the 30 units now under construction are "booked solid", and already 26 names are on a waiting list.

It is almost inevitable that the association will grow, but in what direction will be decided by the present members, by the requirements of those who wish to join the co-operative and by the constraints of available land and mortgage financing. There is also the possibility of having to form a separate co-operative in another location in Abbotsford because of the land situation.

But one thing will now be different for whatever may be decided in the future: there is a new legislative base for co-operative housing projects which did not exist during the past four years when Phases I, II and III of the Abbotsford Co-op Villa were started. The recent amendments to The National Housing Act, enacted on June 28th, 1973 provide financing arrangements and assistance to make it possible for housing co-operatives to include low-income families and individuals who formerly were unable to meet the monthly charges.

The most important changes for co-operatives in The National Housing Act are, first, a housing co-operative of residents can now qualify for the assistance available to sponsors of non-profit housing; and second, a co-operative may apply for a loan for the purchase and rehabilitation of existing housing, where formerly a loan to a co-operative was for new construction only.

Conclusion

Abbotsford provides a valuable lesson and example for other places in Canada, especially the medium-size places, towns and small cities that may be neglected or allowed to deteriorate in the mad rush to the big cities and the concentration of finances and resources in a few metropolitan centres. The nation needs the smaller places like Abbotsford; the bigger cities like Montreal, Toronto and Vancouver really don't need any more people. There is something in smaller places that is worth preserving, and the example of the Abbotsford Co-operative Housing Association shows how a good community organization can help to preserve it. If all the small places in Canada had such an organization, even many of them, the housing problem would not be so frightening as it is and the country would be much the better for it, from the social as well as the economic viewpoint.

CHAPTER 20

PIONEER CO-OP, VICTORIA

Instead of reviewing the details of a completed housing co-operative, as the last four chapters have done, this one presents a picture of one which exists only in the minds and plans of a number of people in the capital city of B.C. (population 195,800 in 1971).

This is done through these two articles which appeared on June 27 and July 21 in the *Victoria Times*. There is little that can be added at present to these summaries, but it is suggested you might note particularly these points:

- * It is starting with a group of people; people who want housing and have already joined the new co-operative being formed. They are thus able to have a say in the housing to be built, and along the way they will learn a great deal about co-operative principles, methods, problems and all.
- * Note particularly how the Times staff writer puts it: "Only in a co-operative housing development do owners become neighbours before they move in."
- * A group of people attempting a housing project needs a great deal of guidance and support. This group is getting the assistance they need from the City of Victoria, the Government of B.C. and the United Church. But above all they will have the expertise of a co-operative "mother society", United Housing Foundation, to put the project in place. And they will be applying to Central Mortgage and Housing Corporation for long-term financing as a non-profit co-operative.

- * For the land, under lease from the Government of B.C., the co-operative will pay \$14,000 a year, or \$200 a year per unit, i.e. about \$17 a month per unit. The land is made available for housing but remains in the public domain.
- * I particularly like the statement of the president of the co-operative, as reported: "Some alternative housing had to be made available for people who can't afford to buy, but want the privileges of homeowners." That's what a housing co-operative is mainly about.
- * The sponsors are stressing the fact that it is not low-cost housing but rather "a community serving a broad income and age range." It is not a project for low-income people, but there will be low-income people in the membership.

Construction is expected to start in October. It will be interesting to have another report on it, say towards the end of 1974.

CHAPTER 21

PARC BEAUSOLEIL

The National Capital now has its first housing co-operative for family accommodation: Parc Beausoleil, located in Ottawa's Lower Town East. (It already has many housing co-ops for students, as many as 20 or more, but most of them are small and not incorporated.) Parc Beausoleil Co-operative is built beside an area that is said to be the oldest civic square in Ottawa: Anglesea Square, named in 1842. The district was first settled by Irish who came to Bytown (Ottawa's original name) to work in the building of the Rideau Canal. In later years this section of Ottawa became predominantly French. It is an area of the city with a strong sense of community.

To begin with, these are the basic facts on Parc Beausoleil: 56 units of townhousing, in 9 clusters; 38 units with three-bedrooms, 18 with four; brick veneer finish with aluminium siding on second storey of 4BR units; land area, 3.8 acres; size of units: 3BR 1,000 sq. ft., 4BR 1,100 sq. ft.; density: 15.88 units per acre, 72 parking spaces; co-operative incorporated on April 6, 1970; site plan dated June 27, 1972; Central Mortgage and Housing Corporation loan made October 13, 1972; first family moved in at the beginning of August, 1973; number of persons living in project: approximately 230.

Other features: a continuing, non-profit co-operative; built on urban renewal land leased from the City of Ottawa for a term of 60 years; a membership of mixed incomes, with surcharges on families of higher incomes; the majority of members had been displaced from the urban renewal area and were given first opportunity of returning there; the location is considered excellent because of proximity to schools, recreation space, community institutions, the city centre, and public transportation.

The Background

Lower Town East in 1967 was 13 city blocks containing about 186 acres, with a population of about 9,100. It was an area with a high rate of tenant-occupancy, about 83 per cent compared to 50 per cent for the whole of Ottawa. It also had the highest concentration of substandard housing in the city. The population declined by 530 in the decade following 1961. In 1967 it was slated for urban renewal and the possibility of a co-operative was included in early plans.

The decision was made to proceed with renewal on a selective basis, keeping what was reasonably good and demolishing what was substandard. The redevelopment resulted in considerable social disruption and up-rooting of families. It meant the displacement of about 1,400 households, or 55 per cent of the whole area. But 1,053 of those whose homes were to be demolished said they wanted to remain in the area.

A survey showed that 230 of the families who wished to stay opted for home ownership, while 823 preferred to be tenants. Of the latter group, 596 said they wanted public housing, leaving 227 for private rental. In this situation a continuing co-operative was the obvious answer because it would provide the unique combination of ownership and tenancy. There appeared to be as many as 340 families who were potential members of a co-operative.

At this point, along in February, 1970, the Co-operative Housing Foundation offered assistance and began holding meetings. Preliminary plans began to take shape through a core group who could provide leadership. The general objective agreed on was this: multiple housing of conventional design; 3 and 4 bedrooms for family accommodation; a membership of mixed incomes, with the majority in the \$5,000—\$9,000 range, with an allowance of 20 per cent of members over \$9,000. A total of 85 applications for membership were soon received. The co-operative was incorporated in April, 1971.

The Planning

One of the features of Parc Beausoleil is the great amount of time and planning contributed by the members, and this will be the strong backbone of the co-operative for many years to come. The ones who occupy the housing can truthfully say: this is ours — we made many of the decisions that put this project in place, decisions such as the layout, design, the non-profit character of the organization, whether or not to allow pets in the housing, the assignment of units to members, provisions for maintenance, etc.

Of course, the members got advice and guidelines from others along the way, but the project as a whole depended on their willingness, voluntary action and democratic decision-making. The strong feeling of being proprietors of their housing is firmly planted; they already know the meaning of individual responsibility under group control. Wives took part in the planning along with the men-folk, especially in interior design. The first architect employed produced good plans but the design was too radical and expensive. Another set of plans had to be produced.

All this is, of course, time-consuming and often frustrating, but most of the members will now say it was well worth all the time and trouble. The co-operative way is not necessarily the easiest way, but those who have worked together through this sort of experience will say it's the best way in the long run. One member says that participating in the project has been as good as a year at university in terms of real learning and practical knowledge.

The provincial government provided \$3,000 in start-up funds to see the group through the organization period. This kind of support is needed to help a group of citizens who have limited resources and who are working without prospect of personal profit.

Support from Government

In Canada, most co-operatives have been organized, financed and built up by the members without help or special favour from any government — and this is as it should be, since a co-operative means people joining together in a mutual way to serve themselves. But housing is something different, since it involves factors over which government either exerts control or is in best position to help for the public good, such as in providing long-term financing.

The members of Parc Beausoleil Co-operative acknowledge support and generous assistance from all levels of government, municipal, provincial and federal in this project:

- 1) The City of Ottawa, for the necessary land, leased by the City on behalf of the government partnership, at a special valuation, with the co-operative paying ground rent over the 60-year term.
- 2) The Provincial Government, through the Ontario Housing Corporation, for its collaboration in land arrangements and start-up funds, as well as participation in the urban renewal scheme.
- 3) The Federal Government, through Central Mortgage and Housing Corporation, for its collaboration in the land arrangements, and for a mortgage loan of about \$1.0 million (40 years at 7⁷/₈ %), on condition the co-operative maintains an appropriate mix of incomes. (The mortgage terms can be adjusted at 5-year intervals.) In addition, the personnel of the CMHC Ottawa Branch gave a great deal of assistance and supervisory advice to the members during the progress of construction.

Thus, Parc Beausoleil stands as a community monument to citizens and government working together in mutual confidence and with goodwill. It should be mentioned that some faculty members and students of the University of Ottawa also helped the core group of families at the start and encouraged them to organize a housing co-operative.

The Membership

Those who join a co-operative like Parc Beausoleil get certain advantages and benefits, but each one is matched by a corresponding responsibility. Let us look at advantages and benefits first.

Though the members are tenants, they have security of tenure which tenants in ordinary rental accommodation do not have. Since the members are their own landlords, so to speak, monthly charges will be increased only by the membership if operating costs rise. Thus they are protected from the effects of inflation as long as they remain there because they operate their own rental control. As owners of the housing the members collectively have proprietary rights and can make rules for the regulation of the project, which the residents cannot do in ordinary rental housing or public housing. As a group they can make savings and economies in housing costs which individual homeowners would find more difficult. Members can move to a larger or smaller unit in the project without the costs (legal and real estate fees) which a condominium owner has to pay. In a co-operative project it is relatively easy to organize various community and neighbourhood services. Thus many housing co-operatives operate their own day-care centres.

But there are responsibilities. Though members collectively make rules and regulations, each member individually is responsible for observing them. A member may not agree with a majority decision, but he (or she) must abide by it. Members must attend various meetings, especially general membership meetings, and be willing to serve on committees, though of course there is a great deal of community activity in a housing co-operative which is voluntary. As part owner, each member will strive to maintain the property in good condition and in fact will constantly wish to improve it. In return for special mortgage terms, the members are responsible for seeing that the loan conditions and income limitations are observed. And, of course, they must see, both individually and collectively, that financial commitments are met.

The Financing

Each member in Parc Beausoleil contributes in cash equity the sum of \$891 (3BR) or \$939 (4BR). This is returned if he leaves the co-operative and it is replaced by an incoming member. Thus over a long period of time the membership changes gradually, but the co-operative organization continues indefinitely, presumably for as long as the housing is well maintained.

The basic or economic monthly charges for the units are:

	3BR	4BR
PIT	\$150.00	\$166.00
Ground Rent	6.50	6.50
Insurance	2.00	2.00
Management	5.00	5.00
Maintenance	<u>16.50</u>	<u>16.50</u>
	<u>\$180.00</u>	<u>\$196.00</u>

This includes parking, but not heat (gas), and hydro bill, estimated at about \$22.50 a month.

But the economic rent applies only to the \$9,000—\$10,000 income range. The charges are adjusted according to the following schedule when surcharges and internal subsidies are applied:

	3BR	4BR
\$ 6,000— 8,000	\$170	\$184
8,001— 9,000	175	190
9,001—10,000	180	196
10,001—11,000	185	202
11,001 + over	191	208

(approximate figures)

The families of low income get accommodation they could not afford to occupy, except in public housing. Those of medium income have the assurance that monthly charges are not subject to the landlord's arbitrary demand. And those of high income have the satisfaction that their monthly charge is still well below the market.

Who Else Benefits?

But it is not only the members who benefit from a housing co-operative. For this community, a part of Lower Town East has been restored and former residents are back where they prefer to live. For the city, a group of its citizens are in good housing, and the land on which it is built is still in the public domain. For the senior governments, here is a small group of Canadians for whom public housing will not have to be constructed and administered. For society at large, this is a small bit of Canadian housing that will not add fuel to the flames of inflation. So everyone gains something from co-operative housing.

It's little wonder that, before Parc Beausoleil was quite finished, there was talk of a second housing co-operative in Lower Town East.